

Court File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
GREEN GROWTH BRANDS INC., GGB CANADA INC., GREEN GROWTH BRANDS
REALTY LTD. AND XANTHIC BIOPHARMA LIMITED**

Applicants

**APPLICATION RECORD
(Returnable May 20, 2020)**

May 19, 2020

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Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

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TAB 1

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Applicants

NOTICE OF APPLICATION

TO THE RESPONDENTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicants. The claim made by the Applicants appears on the following page.

THIS APPLICATION will come on for a hearing on May 20, 2020 at 8:00 a.m. via videoconference due to the COVID-19 pandemic.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicants' lawyer or, where the applicants do not have a lawyer, serve it on the applicants, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicants' lawyer or, where the applicants do not have a lawyer, serve it on the applicants, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date May 20, 2020

Issued by _____
Local registrar

Address of 330 University Avenue, Toronto,
court office Ontario M5G 1R7

APPLICATION

THE APPLICANTS MAKE THIS APPLICATION FOR:

1. An initial order (the “**Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) substantially in the form attached at Tab 5 of the Applicants’ Application Record, for, *inter alia*:

- (a) abridging the time for service of this Notice of Application and the materials filed in support of the Application and dispensing with further service thereof;
- (b) declaring that the Applicants are parties to which the CCAA applies;
- (c) appointing Ernst & Young Inc. (“**EY**”) as an officer of this Court to monitor the assets, businesses and affairs of the Applicants (in such capacity, the “**Monitor**”);
- (d) staying all proceedings taken or that might be taken in respect of the Applicants, their directors and officers, and the Monitor until May 29, 2020, subject to further Order of the Court (the “**Stay of Proceedings**”);
- (e) approving the debtor-in-possession term sheet between Green Growth Brands Inc. and All Js Greenspace LLC dated as of May 19, 2020 (the “**DIP Agreement**”), which is to be secured by a charge over the Applicants’ property (the “**DIP Lender’s Charge**”);
- (f) granting the following charges over the Applicants’ property:
 - (i) an administrative charge in favour of the Monitor, counsel to the Monitor, counsel to the Applicants (the “**Administration Charge**”);
 - (ii) a charge in favour of the directors and officers of the Applicants (the “**Director’s Charge**”);
 - (iii) the DIP Lenders’ Charge; and

2. Such further and other relief as this Honourable Court deems just.

THE GROUNDS FOR THIS APPLICATION ARE:

General

- (a) The Applicants, Green Growth Brands Inc. (“**GGB**”), GGB Canada Inc., Green Growth Brands Realty Ltd., and Xanthic Biopharma Limited are companies to which the CCAA applies;
- (b) The claims against the Applicants exceed \$5 million;
- (c) The Applicants are part of a cannabis enterprise (the “**GGB Group**”) that is licensed to grow, process and sell cannabis in various jurisdictions within the United States;
- (d) Until very recently, the GGB Group operated two distinct lines of business: (a) cannabis cultivation, processing and production of products containing more than 0.3% tetrahydrocannabinol (“**THC**”), and the distribution of the THC products as a multi-state operator through wholesale and retail channels in medical and adult-use dispensaries in Florida, Massachusetts and Nevada (the “**MSO Business**”), and (b) cannabidiol (“**CBD**”) infused consumer product production, wholesale and retail operations online and through mall-based kiosk shops (the “**CBD Business**”);
- (e) The creation of the GGB Group was funded through equity and debt financing. GGB has always been cash flow negative. Commencing in early 2019, GGB began experiencing liquidity issues.
- (f) The CBD Business was severely negatively impacted by the onset of the COVID-19 pandemic, and on March 19, 2020, GGB was forced to indefinitely suspend its CBD Business;

- (g) GGB currently has in excess of \$100 million of secured debt, the majority of which has matured. In addition, GGB is facing several lawsuits in the United States and Canada;
- (h) GGB is suffering a severe liquidity crisis and is generally unable to meet its obligations as they come due. The Applicants require an urgent stay of proceedings and additional financing in order to continue operating the MSO Business in the ordinary course and preserve enterprise value while they pursues a formal sales process;
- (i) EY has consented to act as the Monitor;

Stay of Proceedings

- (j) The Applicants require a Stay of Proceedings and the other relief sought to permit them to continue operating as a going concern as they pursue sale options in order to maximize enterprise value;
- (k) It is necessary and in the best interests of the Applicants and their stakeholders that the Applicants be afforded the “breathing space” provided by the CCAA as they attempt to restructure their business;

DIP Agreement

- (a) All Js Greenspace LLC (“**All Js**”), one of GGB’s existing secured lenders, has agreed to fund these CCAA proceedings through a debtor-in-possession loan facility (the “**DIP Agreement**”);
- (b) The Applicants are seeking approval of the DIP Agreement and authority to borrow US\$1 million during the initial 10-day stay period;
- (c) All Js and the Applicants’ debenture holders have also agreed to has also agreed to enter into a stalking-horse agreement (the “**Stalking Horse APA**”) and act as a stalking-horse bidder pursuant to a Court-approved sale and investment solicitation process (the “**SISP**”);

- (d) No relief is being sought in this initial application with respect to the Stalking Horse APA or the SISF, as this relief will be sought at the Comeback Hearing;

Court Ordered Charges

- (e) The Administration Charge and D&O Charge are required to secure the professional services required to complete these CCAA proceedings and ensure the continued cooperation of the Applicants' directors and officers.;
- (f) The DIP Lender's Charge is a condition to the advance of funds under the DIP Agreement, which is necessary in order to fund the CCAA proceedings;

Other Grounds

- (g) the provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court;
- (h) Rules 2.03, 3.02, 14.05(2) and 16 of the Ontario *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended;
- (i) Section 106 of the Ontario *Courts of Justice Act*, R.S.O. 1990, c. C.43 as amended; and
- (j) Such future and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of this Application:

- (a) the Affidavit of Raymond C. Whitaker III, sworn May 19, 2020, and the exhibits attached thereto;
- (b) the consent of EY; and
- (c) such further and other evidence as counsel may advise and this Court may permit.

May 20, 2020

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Lawyers for the Applicants

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AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
GREEN GROWTH BRANDS INC., GGB CANADA INC., GREEN GROWTH BRANDS REALTY
LTD. AND XANTHIC BIOPHARMA LIMITED

Court File No.: CV-

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

NOTICE OF APPLICATION

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Lawyers for the Applicants

TAB 2

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Applicants

**AFFIDAVIT OF RAYMOND C. WHITAKER III
(Sworn May 19, 2020)**

I, Raymond C. Whitaker III, of the City of New Albany, in the State of Ohio, MAKE OATH AND SAY:

1. I am the Interim Chief Executive Officer of the Applicant Green Growth Brands Inc. ("GGB" or the "Company"). I have been the Interim Chief Executive Officer of GGB since March 19, 2020. Prior to my role as Interim Chief Executive Officer, I was the Chief Operating Officer of GGB and had held that position since February 2019.
2. In my current role as Interim CEO of GGB, I have oversight of the GGB Group's (as defined below) day to day operations. As such, I have knowledge of the matters to which I hereinafter depose, except where otherwise stated. I have also reviewed the records, press releases, and public filings of GGB and have spoken with certain of the directors, officers and/or employees of the GGB Group, as necessary. Where I have relied upon information from others, I believe the information to be true.
3. All references to currency in this affidavit are references to Canadian dollars, unless otherwise indicated.

PART 1 - OVERVIEW

4. This affidavit is sworn in support of an application by the Applicants for protection from their creditors pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA").

5. GGB is the parent corporation of a cannabis enterprise that is licensed to grow, process and sell cannabis in various jurisdictions within the United States (the “**GGB Group**”). GGB is continued under the *Business Corporations Act* (Ontario) and is a public company whose common shares are listed for trading on the Canadian Securities Exchange (“**CSE**”) and on the OTCQB venture market.

6. The GGB Group was created through strategic partnerships and transactions between subsidiaries of GGB and a number of U.S. companies which held licenses for the production, cultivation, processing and retail of cannabis products through dispensaries in Nevada, Massachusetts and Florida.

7. Until very recently, the GGB Group operated two distinct lines of business: (a) cannabis cultivation, processing and production of products containing more than 0.3% tetrahydrocannabinol (“**THC**”), and the distribution of the THC products as a multi-state operator through wholesale and retail channels in medical and adult-use dispensaries in Florida, Massachusetts and Nevada (the “**MSO Business**”), and (b) cannabidiol (“**CBD**”)–infused consumer product production, wholesale and retail operations online and through mall-based kiosk shops (the “**CBD Business**”).

8. The MSO Business continues to operate through certain indirect, wholly-owned subsidiaries of GGB (the “**MSO Subsidiaries**”), as described in more detail below. As described below, the CBD Business was operated through six indirect, wholly-owned subsidiaries of GGB (the “**CBD Subsidiaries**”) until March 19, 2020, when the CBD Business was indefinitely suspended due to, among other things, the onset of the COVID-19 pandemic.

9. The creation of the GGB Group was funded through equity and debt financing. GGB has always been cash flow negative. Commencing in early 2019, GGB began experiencing liquidity issues.

10. GGB currently has in excess of \$100 million of secured debt. The GAOC Note and the May Debentures (as each of those terms is defined below) matured on March 15, 2020 and May 17, 2020, respectively. On April 6, 2020, GGB received a notice of default with respect to the Moxie Termination Note (as defined below). On May 15, 2020, GGB received a notice of default with

respect to the Spring Oaks Notes (as defined below). In addition, GGB is facing several lawsuits (described below).

11. GGB is suffering a severe liquidity crisis and is generally unable to meet its obligations as they come due. GGB requires an urgent stay of proceedings and additional financing in order to continue operating the MSO Business in the ordinary course and preserve enterprise value while it pursues a formal sales process.

12. All Js Greenspace LLC ("**All Js**"), one of GGB's existing secured lenders, has agreed to fund these CCAA proceedings through a debtor-in-possession loan facility (the "**DIP Agreement**"), enter into a stalking-horse agreement (the "**Stalking Horse APA**") and act as a stalking-horse bidder pursuant to a Court-approved sale and investment solicitation process (the "**SISP**"). No relief is being sought in this initial application with respect to the Stalking Horse APA or the SISP. The Applicants are seeking approval of the DIP Agreement and authority to borrow up to US\$1 million during the initial 10-day stay period.

13. If the Initial Order is granted, GGB intends to return to the Court within 10 days (the "**Comeback Hearing**") to seek the issuance of an order (the "**Amended and Restated Initial Order**"), which would:

- (a) Extend the stay period;
- (b) Increase the amount of the DIP Lender's Charge (as defined below);
- (c) Approve the SISP and related bidding procedures; and
- (d) Approve the Stalking Horse APA.

PART 2 - CORPORATE STRUCTURE

A. The Applicants

(a) GGB

14. GGB is a corporation continued under the *Business Corporations Act* (Ontario) (the "**OBCA**"). GGB is the ultimate parent company of the GGB Group. A corporate chart setting out the organizational structure of the GGB Group is attached hereto as **Exhibit "A"**. The Company's registered head office is located at 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario

M5L 1B9. Its principal place of business is located at 4300 East Fifth Ave. Columbus, Ohio 43219. GGB has banking facilities in Canada and owns 100 percent of the shares of the other Applicants as well as certain pending provisional patent applications.

15. The Company was previously known as Xanthic Biopharma Inc. ("**Xanthic**") and became a public company pursuant to a reverse takeover transaction completed on November 9, 2018. The Company's common shares are listed for trading on the CSE under the symbol GGB and on the OTCQB venture market under the symbol GGBXF. Since May 2019, there has been a consistent decline in the value of GGB's shares. On May 8, 2019, GGB's shares were trading at approximately \$5.20 per share on the CSE. As of May 15, 2020, GGB's shares were trading at approximately \$0.055 per share on the CSE. GGB currently has 26,562,378 warrants outstanding, which have been approved for listing on the CSE under the symbol GGB.WT.

16. GGB has four full-time employees, including the Interim Chief Executive Officer, in-house counsel, the Chief Financial Officer and a comptroller. Three employees work remotely from Columbus, Ohio, while one works remotely from Canada. GGB also holds a provisional patent in Canada related to powdered, water-soluble cannabis.

(b) GGB Canada Inc.

17. GGB Canada Inc. ("**GGB Canada**") is a direct, wholly-owned subsidiary of GGB, and is incorporated under the OBCA. GGB Canada has a registered mailing address at 199 Bay Street, Suite 5300, Toronto, Ontario, M5L 1B9. GGB Canada has no assets and no employees.

(c) Green Growth Brands Realty Ltd.

18. Green Growth Brands Realty Ltd. ("**GGB Realty**") is a direct, wholly-owned subsidiary of GGB, and is incorporated under the OBCA. GGB Realty was incorporated at a time when the GGB Group was considering expanding its Canadian presence and establishing physical locations in Canada in connection with the adult-use cannabis market. However, the GGB Group decided not to pursue the expansion following the announcement by the Ontario government that it would be allocating cannabis retail space based on a lottery system and terminated its lease agreements. GGB Realty has no assets or employees.

(d) Xanthic Biopharma Limited

19. Xanthic Biopharma Limited ("**Xanthic Biopharma**") is a direct, wholly-owned subsidiary of GGB, and is incorporated under the OBCA. Xanthic Biopharma has no assets or employees.

B. The GGB Group

20. The corporate chart attached hereto as Exhibit "A" illustrates the full corporate structure of the GGB Group. The GGB Group's operating subsidiaries can be divided into two categories: the CBD Subsidiaries and the MSO Subsidiaries.

21. The CBD Business was operated through the CBD Subsidiaries, consisting of Green Growth Brands LLC, GGB Beauty LLC ("**GGB Beauty**"), GGB Licenses LLC, Green Growth Brands Realty LLC, GGB Kiosks LLC and GGB GN LLC. The CBD Subsidiaries are currently in receivership (as described below).

22. The MSO Business (described below) continues to be operated by the MSO Subsidiaries, which consist of the following entities: GGB Holdco Inc., GGB Green Holdings LLC, GGB Nevada LLC, GGB Nevada Pahrump LLC, GGB Nevada Land LLC, Wellness Orchards of Nevada LLC, Henderson Organic Remedies LLC, Nevada Organic Remedies LLC, Sahara Merchants LLC, GGB Massachusetts LLC, GGB Massachusetts Land LLC, Just Healthy LLC, GGB New Jersey LLC, GGB Florida LLC ("**GGB Florida**"), GGB Florida Land LLC, Spring Oaks Greenhouses, Inc. ("**Spring Oaks**"), GGB Arizona LLC, GGB Michigan LLC, GGB Connecticut LLC, Xanthic Biopharma US Holdco and Xanthic Colorado LLC.

PART 3 - BUSINESS OF THE APPLICANTS

A. Cannabis Industry in the United States

23. The United States federal government regulates drugs through the *Controlled Substances Act* (the "**CSA**"), which designates cannabis as a controlled substance. In the United States, cannabis is largely regulated at the state level. Although certain states authorize medical or adult-use cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal, and any such acts are criminal acts under federal law. CBD, as of the passage of the *Agriculture Act* of 2018, is no longer a Schedule 1 drug under the CSA.

B. Cannabis Licenses of the MSO Subsidiaries

24. The operating MSO Subsidiaries hold the following state-issued licenses or certificates:

- (a) Nevada Organic Remedies LLC ("**NOR**"): NOR is a medical and retail cannabis company based in the Las Vegas, Nevada area. NOR holds a medical cultivation, adult-use cultivation, medical production, adult-use production, medical dispensary, adult-use dispensary, and distribution license, and holds seven provisional adult-use dispensary licenses. NOR operates one of the The+Source dispensary locations in the Las Vegas metropolitan area and currently has 78 employees;
- (b) Wellness Orchards of Nevada LLC ("**WON**"): WON holds medical cultivation and adult-use licenses for cannabis in the state of Nevada. The licenses entitle WON to cultivate cannabis in the state of Nevada, through which WON supplies The+Source dispensaries operated by NOR and HOR (defined below). WON currently has 18 employees;
- (c) Henderson Organic Remedies LLC ("**HOR**"): HOR holds medical dispensary and adult-use dispensary licenses issued by the state of Nevada and operates a The+Source medical and retail cannabis dispensary facility located in Henderson, Nevada. HOR currently has 48 employees;
- (d) Just Healthy LLC ("**Just Healthy**"): Just Healthy holds provisional certificates of registration for a registered medical cannabis dispensary and cultivation, which enables Just Healthy to establish up to three medical dispensaries and a cultivation facility, with preferred treatment to be given for adult-use. In November 2019, Just Healthy received provisional approval to open an adult-use dispensary in Northampton, Massachusetts and is continuing to pursue final approval. Just Healthy has three employees;
- (e) GGB Massachusetts Land LLC ("**GGB Land**"): GGB Land owns certain unimproved land in Northampton, Massachusetts upon which it may erect a cultivation facility; and

- (f) Spring Oaks: Spring Oaks holds a vertically integrated MMTC medical marijuana dispensary license, which authorizes Spring Oaks to operate up to 35 dispensary locations in the State of Florida. Spring Oaks leases and operates a cultivation and production facility in Alachua, Florida.

C. Leased and Owned Property Related to the MSO Business

(a) Nevada

25. The GGB Group cultivates cannabis products at (a) a leased facility located in the Las Vegas, Nevada area, featuring approximately 12,000 square feet, including approximately 5,000 square feet of canopy; and (b) at an owned facility in Nye County, Nevada, featuring approximately 12,000 square feet, including approximately 5,000 square feet of canopy.

26. The GGB Group utilizes approximately 1,700 square feet of 12,000 square feet available at the leased facility in the Las Vegas, Nevada area for the purpose of manufacturing various cannabis infused and concentrated cannabis products.

27. Prior to the onset of the COVID-19 pandemic, the GGB Group sold products from its The+Source locations in Las Vegas and Henderson, Nevada. Each The+Source location features approximately 1,100 square feet of selling space and is regarded as one of the premier dispensaries in Las Vegas. Following the onset of the COVID-19 pandemic, The+Source operated a delivery-only business per direction from Governor Steve Sisolak. On May 9, 2020, NOR and HOR received approval to re-open the dispensaries to customers subject to established social distancing protocols.

(b) Massachusetts

28. As part of its acquisition of Just Healthy, the GGB Group purchased unimproved land in Northampton, Massachusetts, currently owned by GGB Land, upon which it may erect a cultivation facility. The GGB Group does not yet produce cannabis products in Massachusetts and is continuing to evaluate whether it will pursue a cultivation and processing location.

29. Through the provisional certificate of registration held by Just Healthy, the GGB Group is able to operate up to three medical dispensaries and a cultivation facility, with the ability to pursue adult use dispensary locations as well. Just Healthy received provisional approval to open

an adult-use dispensary in Northampton, Massachusetts in November 2019 and is continuing to pursue final approval in that state.

(c) Florida

30. The GGB Group has received approval related to its cultivation and production facility in Alachau, Florida. It has secured six retail locations in various locations within the state of Florida that it intends to build out to support the state-mandated verticality requirement applicable to the licenses held in Florida.

D. Cash Management

31. GGB currently has two chequing accounts in Canada with Alterna Bank: one used to process payroll, and the other used for disbursements related to general corporate purposes, including funding transfers to the MSO Subsidiaries. In addition, GGB has one account with Questrade, which is used to convert USD denominated funds received into CAD before being transferred to the Alterna Bank chequing accounts. The GGB Group also utilizes various checking accounts with banks located in Arizona, Florida, Massachusetts and Ohio to support operations in the United States.

PART 4 - FINANCIAL POSITION

A. Assets

32. As at June 30, 2019, the assets of the GGB Group had an audited book value of approximately US\$149.8 million and consisted of the following (amounts in US\$):¹

Assets	
Current Assets	
Cash	\$ 10,256,008
Short term investments	-
Receivables	580,529
Prepaid expenses	5,142,618
Inventories	10,244,804
Biological assets	1,352,097
Notes receivable	47,739
Other receivables	3,006,760

¹ The Company's cash balance is currently less than \$1 million and the Company is reliant on emergency interim financing provided by All Js, as described below.

Deferred lease charges	727,518
	31,358,073
Property and equipment, net	18,761,723
Deposits and other assets	2,880,186
Deferred lease charges	2,606,940
Notes receivable	17,999,224
Intangible assets	39,925,984
Goodwill	36,253,417
Total assets	\$ 149,785,547

B. Liabilities

33. Given the current laws regarding cannabis at the federal level in the United States, traditional bank financing is typically not available to United States cannabis companies. The Company has historically accessed equity and debt financing from the public and prospectus exempt (private placement) markets in Canada and the United States.

34. As at June 30, 2019, the liabilities of the GGB Group had an audited book value of approximately US\$105.8 million and consisted of the following (amounts in US\$):

Liabilities	
Current Liabilities	
Accounts payable and accrued liabilities	16,328,784
Taxes payable	282,593
Due to related parties	317,535
Notes payable	45,762,540
Embedded derivative liability	1,496,214
Convertible debenture	41,623,041
	105,810,707
Deferred tax liability	1,437,324

C. Secured Debt

(a) GAOC Promissory Note

35. On May 15, 2019, GGB issued to GA Opportunities Corp. ("GAOC") a promissory note in the principal amount of \$39,000,000, bearing interest at a rate of 3.00% per annum, due on November 15, 2019. On November 15, 2019, GGB and GAOC amended and restated the promissory note (as amended and restated, the "GAOC Note") in order to extend the maturity

date of the GAOC Note to March 15, 2020. A copy of the GAOC Note is attached hereto as **Exhibit "B"**.

36. The GAOC Note and the payment and performance of the obligations thereunder by GGB are (a) secured by a general security agreement dated April 15, 2019 (the "**GAOC Security Agreement**") creating a security interest in all of the present and future personal property, assets and undertaking of GGB and (b) guaranteed by a guarantee dated November 15, 2019 granted by Jay Schottenstein in favour of GAOC. A copy of the GAOC Security Agreement is attached hereto as **Exhibit "C"**.

37. The security granted pursuant to the GAOC Security Agreement ranks ahead of the security granted with respect to the May Debentures, the Backstop Debentures and the All Js Secured Notes (as each term is defined below).

38. On May 4, 2020, GGB received notice that the GAOC Note had been acquired by WMB Resources LLC.

(b) May 2019 Debentures

39. On May 17, 2019, GGB issued secured convertible debentures in the aggregate principal amount of US\$45,500,000 (the "**May Debentures**"). The May Debentures bear interest at a rate of 15% per annum and were issued pursuant to and are governed by the terms of a debenture indenture (the "**May Debenture Indenture**") dated May 17, 2019 between GGB and Capital Transfer Agency, ULC ("**CTA**"), a copy of which is attached hereto as **Exhibit "D"**. The May Debentures had a maturity date of May 17, 2020. A summary of the holders of the May Debentures is attached hereto as **Exhibit "E"**.

40. The May Debentures are secured against the assets of GGB through a security agreement dated June 6, 2019 (the "**May Security Agreement**"), granting a security interest in all the present and subsequently acquired personal property and undertaking of GGB, including inventory, equipment, and intellectual property. A copy of the May Security Agreement is attached hereto as **Exhibit "F"**.

41. On May 3, 2020, the requisite majority of the holders of the May Debentures issued an extraordinary resolution permitting the incurrence of new senior indebtedness and related

security, thereby enabling the security granted for the All Js Secured Notes (as defined and described below) to rank in priority to the security held by the holders of the May Debentures.

42. On May 12, 2020, CTA confirmed and agreed, on behalf of itself and the holders of the May Debentures and Backstop Debentures (as defined and described below), that GGB's obligations under the May Debentures and Backstop Debentures, as well as the security granted by the May Security Agreement and Debenture Security Agreement (as defined below), respectively, would rank subsequent in priority to the security granted by the All Js Security Agreement.

43. Accordingly, the security granted by the May Security Agreement ranks in priority to the security granted in favour of the Backstop Debentures, but subordinate to the security granted with respect to the GAOC Note and the All Js Secured Notes.

(c) Backstop Debentures

44. On August 14, 2019, GGB entered into equity commitment letters (the "**Equity Commitment Letters**") with each of All Js and Chiron Ventures Inc. ("**Chiron**" and together with All Js, the "**Backstop Providers**"), pursuant to which the Backstop Providers committed to subscribe for 8.00% secured convertible debentures (the "**Backstop Debentures**") in the aggregate principal amounts of US\$57,350,000 and US\$10,000,000, respectively.

45. Pursuant to the terms of the Equity Commitment Letter with All Js (the "**All Js Commitment Letter**"), a copy of which is attached hereto as **Exhibit "G"**, GGB is contractually entitled to require All Js to subscribe for Backstop Debentures (a) in an amount up to US\$20,600,000 in the event that GGB requires capital to fund operations until August 14, 2020 (the "**WC Commitment**"), and (b) in an amount up to US\$36,750,000 in the event that the maturity date of the May Debentures could not be extended (the "**Extension Commitment**").

46. Pursuant to the terms of the Equity Commitment Letter with Chiron, a copy of which is attached hereto as **Exhibit "H"**, GGB is contractually entitled to require Chiron to subscribe for Backstop Debentures (a) in an amount up to US\$6,737,500 to satisfy the WC Commitment, and (b) in an amount up to US\$3,262,500 to satisfy the Extension Commitment.

47. The Backstop Debentures were issued pursuant to and are governed by the terms of a debenture indenture (the "**Backstop Debenture Indenture**") dated October 18, 2019 between

GGB and CTA, the terms of which is substantially similar to the May Debenture Indenture. A copy of the Backstop Debenture is attached hereto as **Exhibit "I"**.

48. On March 6, 2020, the Backstop Providers agreed by extraordinary resolution to enter into a supplemental indenture (the "**Supplemental Backstop Debenture Indenture**") in order to, among other things, (a) extend the maturity date of the Backstop Debentures from one year after the date of issuance to four years after the date of issuance, (b) decrease the interest rate payable on the Backstop Debentures from 15.00% to 5.00% per annum,² and (c) amend the conversion price of the Backstop Debentures. A copy of the Supplemental Backstop Debenture Indenture is attached hereto as **Exhibit "J"**.

49. The Backstop Debentures are secured against the assets of GGB through a security agreement (the "**Backstop Security Agreement**") dated November 13, 2019, the terms of which is substantially similar to the May Security Agreement. A copy of the Backstop Security Agreement is attached hereto as **Exhibit "K"**.

50. On May 4, 2020, the requisite majority of the holders of the Backstop Debentures issued an extraordinary resolution permitting the incurrence of new senior indebtedness and related security, thereby enabling the security granted for the All Js Secured Notes (as defined and described below) to rank in priority to the security held by the holders of the Backstop Debentures.

51. As noted, on May 12, 2020, CTA confirmed and agreed, on behalf of the May Debentures and Backstop Debentures, that GGB's obligations under the May Debentures and Backstop Debentures, as well as the security granted by the May Security Agreement and Debenture Security Agreement, respectively, would rank subsequent in priority to the security granted by the All Js Security Agreement.

52. Accordingly, the security granted by the Backstop Security Agreement ranks behind the security granted with respect to the GAOC Note, the All Js Secured Notes and the May Debentures.

² Pursuant to the terms of the Equity Commitment Letters, the Backstop Debentures were intended to bear interest at a rate of 8.00% per annum, however, the Backstop Debenture Indenture and the certificates evidencing the Backstop Debentures had a stated interest rate of 15.00% due to administrative error.

53. As of the date hereof, GGB has issued an aggregate principal amount of US\$23,717,000 of Backstop Debentures related to the WC Commitment, allocated amongst the Backstop Providers. When the May Debentures matured on May 17, 2020, the Company considered calling on the Backstop Providers to subscribe for additional debentures pursuant to the Extension Commitment, but determined not to do so on the basis that (a) GGB is in default of secured obligations significantly greater than the aggregate amount of the Extension Commitment, (b) the Company is insolvent and requires immediate CCAA protection regardless of whether the Extension Commitment could be met, (c) the GGB Group urgently needs additional funding in order to continue operating, which All Js is willing to provide by way of interim financing on the terms described below to facilitate an orderly restructuring or sale of the business in these proceedings; and (d) there is a question as to the enforceability of the commitment pursuant to its terms and in light of all the surrounding circumstances.

(d) All Js Promissory Note

54. In early May 2020, due to severe liquidity constraints, GGB sought additional funding from All Js in order to enable the MSO Business to continue operating. On May 4, 2020, GGB issued to All Js a promissory note in the principal amount of US\$400,000, bearing interest at a rate of 5.00% per annum, due and payable on demand. A second note in the principal amount of US\$400,000 was issued on May 12, 2020 (together, the “**All Js Secured Notes**”). The All Js Secured Notes and the payment and performance of the obligations thereunder by GGB are secured by (a) a general security agreement dated May 4, 2020 (the “**All Js Security Agreement**”) creating a security interest in all present and future personal property, assets and undertaking of GGB, (b) guarantees (the “**All Js Guarantees**”) and security agreements from GGB Canada, Xanthic Biopharma and each of the MSO Subsidiaries, other than GGB New Jersey LLC, GGB Arizona LLC, GGB Michigan LLC, GGB Connecticut LLC and the Florida subsidiaries (the “**All Js Subsidiary Security Agreements**”), and (c) a collateral mortgage/charge against real property owned by GGB Nevada Land LLC and GGB Land (the “**US Mortgages**”). Copies of the All Js Secured Notes and the All Js Security Agreement, are attached hereto as **Exhibits “L” and “M”**, respectively. Copies of the All Js Guarantees, the All Js Subsidiary Security Agreements and the US Mortgages can be provided upon request.

55. The security granted by GGB to All Js pursuant to the All Js Security Agreement ranks in priority to the security granted with respect to the May Debentures and the Backstop Debentures, but subsequent to security granted with respect to the GAOC Note.

D. Unsecured Debt

(a) Spring Oaks Promissory Notes

56. On June 3, 2019, GGB and GGB Florida, an indirect, wholly-owned subsidiary of GGB, entered into a definitive purchase agreement (as amended on July 19, 2019 and July 29, 2019) (the “**Spring Oaks Purchase Agreement**”) with, *inter alia*, Spring Oaks, pursuant to which, GGB Florida agreed to purchase all of the issued and outstanding shares of Spring Oaks.

57. As partial consideration for the purchase, GGB issued to Stanley W. Harris, in his capacity as representative of the sellers: (a) a 15.00% convertible secured note (the “**One Year Spring Oaks Note**”) of GGB in the principal amount of US\$5,800,000 with one year term; and (b) a 15.00% convertible secured note (the “**Two Year Spring Oaks Note**”) of GGB in the principal amount of US\$11,400,000 with a two year term. On April 29, 2020, GGB and Spring Oaks issued to Stanley W. Harris, in his capacity as representative of the sellers, a 15% secured note in the principal amount of US\$1 million with a 6-month term (the “**April Spring Oaks Note**”, and together with the One Year Spring Oaks Note and the Two Year Spring Oaks Note, the “**Spring Oaks Notes**”). The April Spring Oaks Note was issued in consideration of the advance of working capital to Spring Oaks. To date, US\$500,000 has been advanced to Spring Oaks. Copies of the Spring Oaks Notes are attached hereto as **Exhibit “N”**.

58. Pursuant to a security agreement dated July 31, 2019, as amended and restated on April 29, 2020, between GGB, GGB Florida, GGB Green Holdings LLC (“**GGB Green**”), Spring Oaks and Stanley W. Harris, as representative of the sellers under the Spring Oaks Purchase Agreement, the Spring Oaks Notes are secured against all of GGB Florida’s assets. The Spring Oaks Notes are not secured against GGB’s assets.

59. On May 4, 2020, GGB received notice that Green Ops Group LLC, (“**Green Ops**”), a company related to WMB Resources LLC, had acquired the Spring Oaks Notes.

60. On May 13, 2020, GGB received a Letter of Intent from an interested party setting forth a proposal for the potential acquisition of the shares and assets of GGB Florida, including the shares

of Spring Oaks and the leases, licenses and intellectual property held by GGB Florida (the “**Florida Sale**”). The Company is engaging in discussions with the Interested Party with respect to this Letter of Intent.

61. On May 15, 2020, Green Ops gave notice to Spring Oaks, GGB, GGB Florida and GGB Green that the Spring Oaks Notes are in default. A copy of this notice is attached hereto as **Exhibit “O”**.

62. On May 19, 2020, GGB executed a Forbearance Letter Agreement (the “**Spring Oaks Forbearance Agreement**”) between and among GGB Florida, Spring Oaks, GGB Green, and Green Ops, whereby Green Ops agreed to provide the balance of the April Spring Oaks Note on or before May 30, 2020, and to forbear from exercising its rights and remedies under the Spring Oaks Notes and security agreement until June 15, 2020 (the “**Forbearance Period**”), subject to certain conditions and the payment of a US\$50,000 forbearance fee. The Forbearance Period may be extended by Green Ops to July 15, 2020 provided that (i) a GGB has executed a binding agreement regarding the Florida Sale at least three days prior to June 15, 2020, (ii) the purchase price is not less than the amount required to satisfy the obligations owed under the Spring Oaks Notes, and (iii) GGB receives a non-refundable deposit of no less than 10% of the purchase price, of which 50% shall be applied in reduction of the amounts owed under the Spring Oaks Notes. Green Ops may provide a second extension of the Forbearance Period to July 29, 2020 if regulatory approvals have not been received. In conjunction with the execution of the Spring Oaks Forbearance Agreement, the parties have executed a Voluntary Surrender of Collateral in Satisfaction of Debt and Release Agreement that becomes effective in the event of a breach of the Spring Oaks Forbearance Agreement or in the event that the Forbearance Period terminates other than in the case of the closing of the Florida Sale. A copy of the Spring Oaks Forbearance Agreement is attached hereto as **Exhibit “P”**.

(b) Moxie Promissory Notes

63. On July 8, 2019, GGB entered into a securities acquisition and contribution agreement (the “**Moxie Agreement**”) with, *inter alia*, MXY Holdings LLC (“**Moxie**”) pursuant to which a new Ontario limited partnership (“**GGB LP**”), of which GGB was to be the general partner, would acquire the operating companies of GGB and the issued and outstanding units of Moxie in an all-equity interest transaction (the “**Moxie Business Combination**”). In connection with the Moxie

Business Combination, Moxie loaned US\$5,000,000 to GGB (the “**Moxie Loan**”) in order to fund certain pending acquisitions. On July 8, 2019, GGB Beauty issued to Moxie a promissory note (the “**Moxie Note**”) in the principal amount of US\$5,000,000, bearing interest at a rate of 6.00% per annum, due and payable on July 8, 2022. On July 8, 2019, GGB provided a guarantee (the “**Moxie Guarantee**”) to Moxie of GGB Beauty’s obligations under the Moxie Note. Copies of the Moxie Note and the Moxie Guarantee are attached hereto as **Exhibits “Q” and “R”**, respectively.

64. On December 18, 2019, GGB announced that it had terminated the Moxie Agreement and agreed to repay the Moxie Loan and to reimburse Moxie for expenses it had incurred in connection with the Moxie Business Combination (the “**Moxie Repayment**”). In connection with the Moxie Repayment, on December 18, 2019, GGB issued to Moxie an unsecured promissory note (the “**Moxie Termination Note**”) in the principal amount of US\$3,962,400, bearing interest of US\$37,600, due and payable on the earlier of (a) July 1, 2020, or (b) an Event of Default under the Moxie Termination Note, which included a cross-default under the Moxie Note. A copy of the Moxie Termination Note is attached hereto as **Exhibit “S”**.

65. On April 6, 2020, GGB received notices of default under the Moxie Termination Note and the Moxie Guarantee, and Moxie asserted that the amounts owing under the Moxie Guarantee and the Moxie Termination Note are due and payable. As outlined further below, Moxie has commenced litigation against GGB in connection with the obligations owing under the Moxie Note and the Moxie Termination Note.

(c) All Js Demand Promissory Note

66. Between February and April 2020, GGB obtained financing from All Js in several advances in order to enable it to meet its urgent liquidity needs. GGB received US\$675,000 in unsecured advances in February and March 2020. On April 20, 2020, GGB issued to All Js an unsecured promissory note in the principal amount of US\$2,770,000, bearing interest at a rate of 5.00% per annum, due and payable on demand by All Js (the “**April All Js Note**”).

(d) CBD Subsidiaries Lease Obligations

67. At various times during 2019, the CBD Business executed 195 lease agreements related to the retail sale of CBD via mall-based kiosk shops (the “**CBD Leases**”). Thirteen of the CBD Leases are guaranteed by GGB.

E. Employees

68. As noted above, the Applicants, through GGB, employ four individuals in Canada. The GGB Group employs 172 employees in the United States in connection with their MSO Business. None of the employees are unionized and no entity in the GGB Group sponsors any pension plans. The CBD Business does not have any employees following the indefinite suspension of its operations following the onset of the COVID-19 pandemic.

69. GGB and the GGB Group are current with respect to the payment of payroll and the remittance of employee source deductions, however, given the current liquidity issues, the payroll due on May 30, 2020, will not be made unless the Initial Order is granted and the DIP Agreement is secured. The GGB Group's payroll is approximately US\$350,000 biweekly.

F. Suppliers

70. The GGB Group relies on a number of third-party suppliers to provide certain essential services including security, utilities, insurance, phone and internet and other services associated with operating a cannabis business. As of the date of this affidavit, the GGB Group were indebted to third party suppliers in the aggregate amount of approximately US\$7.5 million, exclusive of taxes.

G. Tax Obligations

71. GGB Holdco Inc. files tax returns for the MSO Business on a consolidated basis. GGB Holdco Inc. filed its federal 2019 tax returns at the end of April 2020 and will owe taxes of \$89,582 as of July 15, 2020. Further, GGB Holdco Inc. has not made tax instalments for fiscal 2020. This liability is estimated to be approximately US\$2 million.

72. There are no outstanding sale and use taxes in Massachusetts or Florida. However, there are unpaid sales and use and excise taxes in Nevada of approximately US\$1.7 million.

H. Litigation

73. GGB is subject to four pieces of litigation in the United States:

- (a) On February 26, 2020, H.J. Martin & Son, Inc. commenced a proceeding against GGB in Wisconsin seeking damages of US\$483,500 for amounts allegedly due for the installation of mall kiosks operated by the CBD Subsidiaries;

- (b) In March 2020, Simon Property Group LP commenced an action against GGB Kiosks LLC, a CBD Subsidiary, and GGB in the Indiana Commercial Court related to alleged breaches of the lease agreements related to the kiosk locations operated by GGB Kiosks LLC prior to the suspension of the CBD Business, and is seeking damages in excess of US\$2.2 million for unpaid rent. The lawsuit is stayed against GGB Kiosks LLC as a result of the receivership proceedings of the CBD Subsidiaries, which are described below;
- (c) On April 3, 2020, a supplier of the CBD Subsidiaries, Digico Imaging Inc. ("**Digico**"), commenced legal proceedings in the Common Pleas Court for Franklin County, Ohio (the "**Ohio Court**") against Green Growth Brands LLC, a CBD Subsidiary, and GGB for unpaid invoices, seeking damages of US\$83,717.02 (the "**Digico Lawsuit**"). As described further below, Digico and GGB jointly submitted a motion in the Digico Lawsuit to commence the receivership proceedings of the CBD Subsidiaries; and
- (d) On April 21, 2020, Moxie commenced a proceeding against GGB in Delaware, seeking specific performance of the Moxie Agreement, damages of US\$9 million in respect of the Moxie Note and the Moxie Termination Note, and the transfer of US\$10 million of GGB's shares.

74. GGB is also a defendant in an Ontario action commenced by Friedmann Equities Inc. ("**Friedmann**") in November 2019, seeking damages of \$5 million for the alleged breach of a consulting contract, whereby Friedmann agreed to provide certain consulting services to GGB to assist in securing retail locations in Ontario for the sale of cannabis products. GGB has defended the proceeding, but examinations for discovery have not yet taken place.

PART 5 - FINANCIAL CHALLENGES AND RESPONSES

75. GGB is facing a severe liquidity crisis and is generally unable to meet its obligations as they come due. GGB has made significant efforts over the past 12 months to monetize assets and focus its operations. These efforts have included several proposed transactions related to the CBD Business, including a previously announced proposed sale of the CBD Business to The BRN Group Inc. in late February 2020, as set forth below.

(a) **Strategic Review Process and Solicitation Efforts for the CBD Business**

76. The GGB Group developed a full line of CBD-infused consumer care products, including creams, lotions, sleep aids, skin care, and body care, under its Seventh Sense Botanical Therapy brand. Prior to the suspension of operations of the CBD Business, GGB Beauty sold CBD products via its e-commerce website in approximately 46 states. In addition to online retail, GGB Beauty operated 195 kiosk shops at premium shopping mall locations in the United States. GGB Beauty further leveraged its retail experience and relationships to forge wholesale partnerships with established retailers.

77. In February 2020, the Company formed a special committee of directors (the “**Special Committee**”) to conduct a strategic review process with respect to the CBD Business in order to evaluate potential cost saving measures to enable the Company to achieve financial stability and sustainable profit and growth. The Special Committee determined that given the significant overhead costs associated with the CBD Business, it was appropriate to sell the CBD Business and focus on further developing the MSO Business.

78. On February 24, 2020, the Company entered into a “stalking-horse” type agreement to sell the CBD Business (the “**BRN Agreement**”) to an affiliate of the BRN Group Inc. (the “**BRN Group**”), which agreement included a 30-day “go shop” period to permit the Company to actively solicit superior offers for the CBD Business.

79. The Company retained AltaCorp Capital Inc. (“**AltaCorp**”) to act as its financial advisor in connection with its solicitation efforts during the “go-shop” period. AltaCorp created a “teaser package” containing information about the sale opportunity and the CBD Business for circulation to interested parties. AltaCorp provided a copy of the teaser package to 77 parties who operate in the cannabis space. Of those parties, nine signed non-disclosure agreements (“**NDAs**”) and were provided access to a virtual data room created and maintained by the Company containing financial and operational information. Of the parties who signed NDAs, four submitted expressions of interest. Although the Company and AltaCorp entered into advanced discussions with one potential purchaser, ultimately it was not possible to advance a successful transaction with this purchaser due to the uncertainty caused by the onset of the COVID-19 pandemic.

80. As noted, during the “go shop” period contemplated in the BRN Agreement, GGB was forced to indefinitely suspend its CBD Business and shut all kiosk locations due to the onset of the COVID-19 pandemic. This constituted a breach of certain of GGB’s representations, warranties and covenants under the BRN Agreement. GGB provided notice to the BRN Group in accordance with the terms of the BRN Agreement. While discussions continued, it became apparent that BRN Group would not complete the transaction in a timely fashion. The “go-shop” period in the BRN Agreement expired on March 24, 2020.

81. As described further below, facing considerable cash obligations and with no confidence that the BRN Group would ultimately complete the transaction, the Special Committee determined it was in the best interest of the Company and its stakeholders to appoint a receiver over the CBD Subsidiaries.

(b) Suspension of CBD Business Operations and Receivership of CBD Subsidiaries

82. The CBD Business was severely negatively impacted by the onset of the COVID-19 pandemic, and on March 19, 2020, GGB was forced to indefinitely suspend its CBD Business.

83. As noted above, on March 17, 2020, Digico commenced the Digico Lawsuit against Green Growth Brands LLC, a CBD Subsidiary, and GGB in the Ohio Court. On April 3, 2020, the parties jointly filed a motion for the immediate appointment of a receiver over Green Growth Brands LLC and the other CBD Subsidiaries on the basis that the CBD Subsidiaries were in immediate danger of insolvency and desired to wind up their affairs. The Ohio Court granted the receivership order that day (the “**Receivership Order**”) and appointed A.C. Strip as the receiver of the CBD Subsidiaries’ property and assets (the “**Receiver**”) to distribute the assets of the CBD Subsidiaries and wind down their operations. A copy of the Receivership Order is attached hereto as **Exhibit “T”**.

84. I understand that the Ohio Court has issued several orders enabling the Receiver to appraise and sell certain of the CBD Subsidiaries’ assets.

(c) Emergency Interim Financing

85. In February, March and April 2020, GGB obtained urgent financing from All JS in the total amount of \$3.44 million to temporarily address its severe liquidity crisis. In early May 2020, GGB

obtained further financing from All Js pursuant to the All Js Secured Notes. These funds were necessary to enable GGB to meet payroll obligations and obligations to certain suppliers.

(d) Urgent Need for Relief

86. GGB is in default under the GAOC Note, the May Debentures, the Termination Note and the Moxie Guarantee. Further, the filing of the CCAA Application is an event of default under both the Backstop Debentures and the Spring Oaks Notes, the latter of which is subject to the Spring Oaks Forbearance Agreement. In addition, the GGB group is facing numerous pieces of litigation. The Applicants are suffering a serious liquidity crisis and require significant additional funding to continue operating. The Applicants are unable to meet their liabilities as they become due and are insolvent.

87. The Applicants require CCAA protection in order to obtain a stay of proceedings and the financing necessary to continue to operate in the ordinary course while conducting the SISF. The board of directors of each of the Applicants has authorized the commencement of CCAA proceedings in respect of each Applicant.

PART 6 - RELIEF SOUGHT

A. Stay of Proceedings

88. The Applicants require a stay of proceedings to provide them with “breathing room” to pursue the SISF. In the absence of a stay of proceedings, the Applicants may face enforcement actions by, and among others, GAOC, the holders of the May Debentures and the Backstop Debentures, plaintiffs and certain contractual counter parties. It would be detrimental to the Applicants’ business if proceedings were commenced or continued or rights and remedies were executed against them.

B. Proposed Monitor

89. Ernst & Young Inc. (“EY”) has consented to act as the Court-appointed Monitor (the “**Monitor**”) of the Applicants, subject to Court approval. EY has retained Osler, Hoskin & Harcourt LLP as its counsel in contemplation of its appointment.

90. EY is a trustee within the meaning of section 2 of the BIA and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA.

91. I am advised by Sharon Hamilton of EY that the proposed Monitor is supportive of the relief being sought in favour of the Applicants and the existence and amounts of the Court-ordered charges described below.

C. Approval of DIP Agreement

92. In response to GGB's urgent liquidity needs, GGB has negotiated the DIP Agreement with All Js in order to fund the GGB's operations and these CCAA proceedings. A copy of the DIP Agreement is attached hereto as **Exhibit "U"**.

93. A summary of the key terms of the DIP Agreement is as follows:

- (a) **Lender:** All Js;
- (b) **Borrower:** GGB;
- (a) **Guarantors:** all subsidiaries directly or indirectly owned by GGB, other than the Excluded Subsidiaries, which Excluded Subsidiaries include (i) Green Growth Brands LLC and its direct or indirect subsidiaries; (ii) GGB Florida; (iii) Spring Oaks; (iv) GGB Michigan LLC; (v) GGB Arizona LLC; (vi) GGB Connecticut LLC; and (vii) GGB New Jersey, LLC, and (viii) Green Growth Brands Realty Ltd.;
- (b) **Facility Amount:** a secured non-revolving credit facility up to a maximum principal amount of US\$7.2 million;
- (c) **Use of Funds:** The proceeds of the DIP Agreement shall be used during the pendency of the Applicants' proceedings under the CCAA for the following purposes: (i) to fund financial advisory fees and professional fees (including, inter alia, fees of the Monitor, fees of counsel to the Monitor and fees of counsel to the Applicants); (ii) to fund the payment of interest and other amounts payable under the DIP Agreement; and (iii) to fund the funding requirements of the Borrower and Guarantors during the CCAA proceedings in pursuit of a successful bid pursuant to and in accordance with the SISP, including funding, working capital and other general corporate purposes of the Borrowers and Guarantors, in each case in accordance with a budget agreed to with the Lender (the "**DIP Budget**"). The Borrower may not use the proceeds of the DIP Agreement to pay any pre-

filing obligations of the Borrower or the Guarantors without the prior written consent of the Lender or as contemplated by the DIP Budget;

- (d) **Maturity:** The DIP Agreement shall be repayable in full on the earlier of : (i) the date a demand for repayment in writing has been made by the Lender following the occurrence of any Event of Default which is continuing and has not been cured, (ii) the completion of the Stalking Horse APA or any successful bid through the SISP, in which case the amounts owing under the DIP Agreement shall be repaid in full, (iii) the date on which the Initial Order expires without being extended or on which the CCAA proceedings are dismissed or converted into a proceeding under the *Bankruptcy and Insolvency Act* (Canada), (iv) the sale of all or substantially all of the property and assets of each of the Borrower and Guarantors, and (v) the date which is 120 days following the date that all conditions to the funding of the DIP Agreement have been satisfied;
- (e) **Conditions:** Advances under the DIP Agreement are subject to the Court having issued the Initial Order and having granted the DIP Lender's Charge (as defined and described below), and certain additional customary conditions precedent, covenants and representations and warranties made by the Borrower and Guarantors to the Lender;
- (f) **Event of Default:** The Events of Default include, *inter alia*: (i) customary credit facility events of default, (ii) the existence of a negative variance from the DIP Budget of actual cumulated net disbursements as compared to budgeted cumulative net disbursements in excess of \$100,000, with certain additional conditions; and (iii) the issuance of an order dismissing the CCAA proceedings, granting a charge that is in priority to the DIP Lender's Charge other than as permitted pursuant to the DIP Agreement, or, without the Lenders' prior written consent, the filing by the Borrower or Guarantors of any motion which is not consistent with the DIP Agreement, or the issuance of any order modifying the DIP Agreement or the SISP. Subject to court orders made in these CCAA proceedings, upon the occurrence of an Event of Default, the Lender may (i) exercise customary credit facility default remedies, (ii) elect to terminate its

commitment to make advances under the DIP Agreement, and (iii) declare the DIP Agreement to be immediately due and payable;

- (g) **Interest Rate:** 5% per annum payable monthly. Upon an Event of Default, all overdue amounts shall bear interest at the applicable interest rate plus 2% per annum payable on demand; and
- (h) **DIP Lender's Charge:** amounts owing under the DIP Agreement are proposed to enjoy a Court-ordered charge on the Property of the Applicants (the "**DIP Lender's Charge**"), ranking behind the Administration Charge, the Directors' Charge (as those terms are defined below) and the GAOC Note, and security at the operating subsidiary level.

94. The amount of the DIP Agreement that is proposed to be funded prior to the Comeback Hearing is only that portion of the DIP Agreement that is absolutely necessary to keep the Applicants operating in the ordinary course (including for greater certainty funding payroll).

(a) Administration Charge

95. The Applicants seek a charge (the "**Administration Charge**") on their assets, property and undertakings (the "**Property**") in the maximum amount of \$1 million to secure the fees and disbursements incurred in connection with services rendered to the Applicants, both before and after the commencement of the CCAA proceedings by the Monitor and its counsel and Applicants' counsel.

96. The Applicants have worked with EY to estimate the proposed quantum of the Administration Charge and believe it to be reasonable and appropriate in view of the complexities of its anticipated CCAA proceedings and the services to be provided by the beneficiaries of the Administration Charge.

97. Subject to section 11.52 of the CCAA, the Administration Charge is proposed to rank in priority to all other security interests, claims of secured creditors, trusts, liens, charges and encumbrances, statutory or otherwise in favour of any person, other than a person who has not received notice of the Application (the "**Encumbrances**").

(b) Directors' Charge

98. To ensure the ongoing stability of the Applicants' business during the CCAA proceedings, the Applicants require the continued participation of their directors and officers (the "D&Os"). Due to the risk of potential personal liability, the D&Os have indicated that they cannot continue to perform such roles without the protections normally granted to directors and officers of companies involved in CCAA proceedings.

99. The Applicants are seeking typical provisions staying all proceedings against the D&Os and granting the D&Os an indemnity with respect to all post-filing claims that may arise against the D&Os in their capacity as the Applicants' directors or officers.

100. The Applicants maintain directors' and officers' liability insurance (the "**D&O Insurance**") for the D&Os. The current D&O Insurance policies provide a total of US\$5 million in coverage. GGB has also granted contractual indemnities in favour of the D&Os, but does not have sufficient funds to satisfy those indemnities should the D&Os be found responsible for the full amount of the potential liabilities they could be exposed to. In addition, under the D&O Insurance, there are retentions for certain claims and the presence of a large number of exclusions creates a degree of uncertainty.

101. Accordingly, the Applicants are seeking a charge on the Property in the amount of \$25,000 (the "**Directors' Charge**") to secure payment under the indemnity granted by the Initial Order in favour of the D&Os. The Directors' Charge is proposed to rank immediately after the Administration Charge, but subject to section 11.51 of the CCAA, ahead of all other Encumbrances. It is intended, and the proposed Initial Order is drafted such that the charge will only apply in circumstances where the D&O Insurance is insufficient or ineffective.

102. The Applicants worked with EY to quantify the potential liability that could accrue to the D&Os and to size the charge. I am informed by Sharon Hamilton of EY that EY considers the Applicants' request for a grant of the Directors' Charge and the proposed size of the Directors' Charge to be reasonable in the circumstances.

(c) DIP Lender's Charge

103. The DIP Agreement is conditional on the issuance of a Court order approving the DIP Agreement and granting a priority charge up to a maximum of US\$1 million (the "**DIP Lender's**

Charge”) as set out in the draft Initial Order. The Initial Order contemplates that the DIP Lender’s Charge will rank subordinate to the Administration Charge, the Directors’ Charge and the GAOC Note. All of the credit advanced pursuant to the DIP Agreement will be secured, *inter alia*, by the DIP Lender’s Charge and the existing security and guarantees issued in favour of the DIP lender. The DIP Lender’s Charge will not secure obligations incurred prior to the CCAA proceedings.

104. The amount to be funded prior to the Comeback Hearing will be limited to the amount necessary to continue ordinary course operations prior to the Comeback Hearing. The DIP Lender’s Charge being sought in connection with the Initial Order will only be for the amount to be accrued in the period preceding the Comeback Hearing. The Applicants intend to seek an increase to the DIP Lender’s Charge at the Comeback Hearing.

(d) Proposed Ranking of the Court-Ordered Charges

105. The proposed ranking of the requested Court-ordered charges is as follows:

- (a)** First, the Administration Charge, to a maximum amount of \$1 million;
- (b)** Second, the Directors’ Charge, to a maximum amount of \$25,000; and
- (c)** Third, the DIP Lender’s Charge to a maximum amount of US\$1 million until the Comeback Hearing and then uncapped thereafter.

106. In accordance with the CCAA, the proposed initial order provides that the Court-ordered charges will rank ahead of all other existing security interests of any persons, except for any person who is a “secured creditor”, as defined in the CCAA, as of the date of the initial order and who has not received notice of this Application. The Applicants intend to seek an order granting priority over all Encumbrances on notice to such secured creditors; provided that the DIP Lender’s Charge will rank behind the GAOC Note.

D. Cash Flow Forecast

107. The Applicants, with the assistance of the proposed Monitor, have prepared a 13-week cashflow forecast as required by the CCAA, a copy of which will be appended to the pre-filing report of the proposed Monitor (the “**Cash Flow Forecast**”). The Cash Flow Forecast demonstrates that interim debtor-in-possession financing is urgently needed to provide the Applicants with the required liquidity to continue going concern operations. As such, the

Applicants are seeking approval to borrow that amount pursuant to the DIP Agreement during the period prior to the Comeback Hearing.

PART 7 - CONCLUSION

108. The Applicants require the benefit of a stay of proceedings and approval of limited funding pursuant to the DIP Agreement in order to continue operating in the ordinary course while they run the SISP. The Applicants have the support of the majority of their secured lenders and have negotiated the terms of the DIP Agreement. The Applicants intend to seek relief related to the Stalking Horse APA and the SISP at the Comeback Hearing.

109. I believe that the Initial Order sought by the Applicants is in the best interests of the Applicants, the GGB Group and their stakeholders, and the CCAA proceeding represents the only viable alternative in the circumstances.

I confirm that while connected via video conference technology, Raymond C. Whitaker III showed me the front and back of his government-issued photo identity document and that I am reasonably satisfied it is the same person and the document is current and valid. I confirm that I have reviewed each page of this affidavit with Raymond C. Whitaker III and verify that the pages are identical.

Sworn before me by video conference from the City of New Albany, Ohio, to the City of Toronto, Ontario, on May 19, 2020.

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

DocuSigned by:
Raymond C. Whitaker III
50830AA0086A4D3...

Raymond C. Whitaker III

Exhibit A

EXHIBIT "A"

referred to in the Affidavit of

RAYMOND C. WHITAKER III

Sworn May 19, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

Green Growth Brands Inc.
September 12, 2019

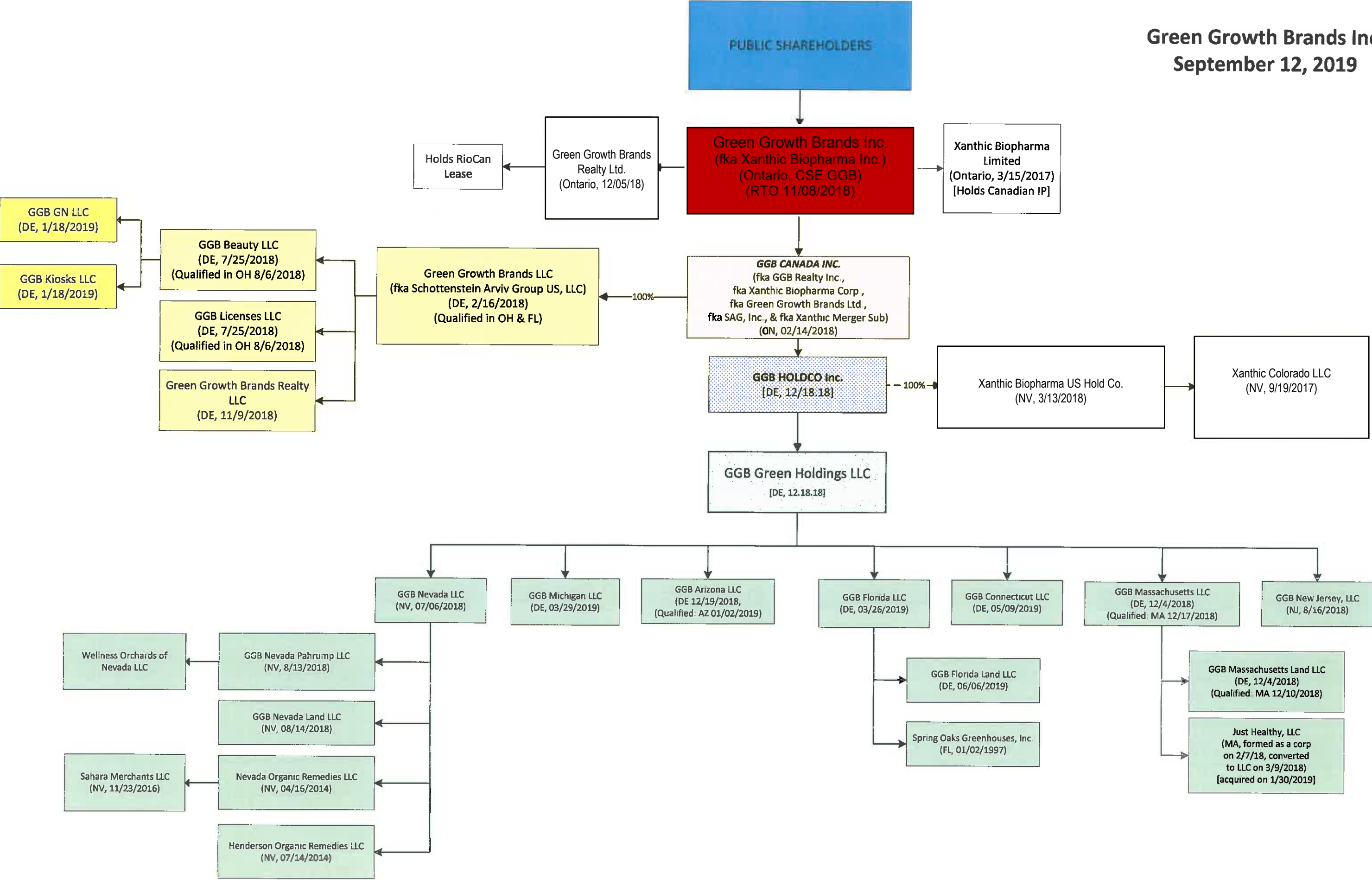


Exhibit B

EXHIBIT "B"

referred to in the Affidavit of

RAYMOND C. WHITAKER III

Sworn May 19, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

\$39,000,000
AMENDED AND RESTATED PROMISSORY NOTE

Issue Date: November 15, 2019

FOR VALUE RECEIVED, GREEN GROWTH BRANDS INC. (together with its successors and assigns, the “**Debtor**”), a corporation formed under the laws of the Province of Ontario, hereby acknowledges itself indebted to and promises to pay on the earlier of March 15, 2020 (the “**Maturity Date**”) and the Acceleration Date to, or to the order of **GA OPPORTUNITIES CORP.** (“**GAOC**”, and together with its successors, assigns, or any subsequent holder hereof, the “**Holder**”), a company formed under the Province of Ontario the principal sum of **THIRTY-NINE MILLION CANADIAN DOLLARS** (\$39,000,000) (the unpaid balance thereof, the “**Outstanding Principal Amount**”) and to pay interest from May 15, 2019 on the Outstanding Principal Amount until the Outstanding Principal Amount and all accrued and unpaid interest thereon payable hereunder is paid in full to the Holder calculated and payable as follows:

- (a) subject to paragraph (b), interest shall accrue on the Outstanding Principal Amount at the rate of three percent (3%) per annum from the Issue Date until the Maturity Date (the “**Interest Rate**”);
- (b) interest shall accrue at the rate equal to the Interest Rate plus five percent (5%) (the “**Default Rate**”) on any amount (including without limitation principal or interest) payable under this amended and restated promissory note (this “**Note**”) which is not paid on the date it is or becomes due and payable hereunder until such unpaid amount is paid in full to the Holder;
- (c) interest payable hereunder shall accrue from day to day, be payable in arrears in lawful currency of Canada, be computed upon the daily balance of the Outstanding Principal Amount and shall be calculated on the basis of the actual number of days elapsed in a year of 365 or 366 days, as the case may be; and
- (d) interest accrued at the Interest Rate or Default Rate, as the case may be, shall be due and payable on the last Business Day of each calendar month.

This Note amends and restates in its entirety the promissory note in the amount of \$39,000,000 issued by the Debtor to the Holder on May 15, 2019 (the “**Original Note**”). In addition to interest on the Outstanding Principal Amount, payable from the Issue Date as set forth above, the Debtor shall pay to the Holder interest accrued on the outstanding principal amount of the Original Note (and overdue interest thereon) from May 15, 2019 (the issue date of the Original Note) until the Issue Date (as defined at the commencement hereof) on December 3, 2019 (the “**Overdue Interest Payment**”).

For the purposes of the *Interest Act* (Canada), any rate of interest made payable under the terms of this Note at a rate or percentage (the “**Rate**”) for any period that is less than a consecutive twelve (12) month period (the “**Rate Basis**”) is equivalent to the yearly rate or percentage of interest determined by multiplying the Rate by a fraction, the numerator of which is the number of days in the consecutive twelve (12) month period commencing on the date such equivalent rate or percentage is being determined and the denominator of which is the number of days in the Rate Basis.

Payments

All payments under this Note shall be made free and clear of, and without regard for, any existing or future rights of counterclaim, defence, set-off, compensation, abatement, offset or cross-claim, legal or equitable, of any nature or kind that may exist between the parties to this Note in lawful currency of Canada to the credit of such account of the Holder maintained with such branch of such financial institution as the Holder shall from time to time notify the Debtor, or as the Holder may otherwise direct.

Prepayment

The Debtor shall have the right to prepay the Outstanding Principal Amount, in whole or in part, together with any accrued and unpaid interest thereon, at any time and upon such prepayment the Outstanding Principal Amount shall be reduced accordingly.

Security

This Note and the payment and performance of the obligations of the Debtor hereunder shall at all times be (a) secured by a general security agreement dated April 15, 2019 executed by the Debtor in favour the Holder creating a security interest in all of the present and future personal property, assets and undertaking of the Debtor and (b) guaranteed by a guarantee (the “**Schottenstein Guarantee**”) as of the date hereof granted by Jay Schottenstein (the “**Guarantor**”) in favour of GAOC. The Debtor hereby ratifies and reaffirms its grant of a security interest in favour of GAOC over all of its present and after acquired personal property which shall secure the performance of, and payment in full of all of its obligations under this Note.

Acceleration

If an Event of Default occurs and is continuing, then unless the Holder notifies the Debtor to the contrary, the Outstanding Principal Amount, all accrued interest and all other amounts payable by the Debtor provided for herein shall become immediately due and payable. Notwithstanding the foregoing, following a Change of Control, the Outstanding Principal Amount, all accrued interest and all other amounts payable by the Debtor provided for herein shall become due and payable within 10 business days from the date of demand.

Records of Account

A record of the principal and accrued interest payable hereunder and payments of principal and interest may, at the Holder’s sole option, be entered:

- (i) in any electronic data processing device, and any printed report produced from such electronic records shall be good and sufficient evidence of the unpaid principal and interest balance in the same manner and to the same extent as if originally and concurrently recorded on or with this Note. The Holder is under no obligation to retain original vouchers related to any such entry; or
- (ii) by the Holder on the grid annexed hereto; or
- (iii) in any combination of the methods outlined in subparagraphs (i) and (ii) above.

Failure to record the date and amount of any principal amount which the Debtor has agreed to pay under this Note, or any accrued interest or payments made hereunder, shall not limit or otherwise affect the obligations of the Debtor to pay this Note.

Binding Nature; Assignments; Amendments

The rights and obligations of the Debtor and the Holder of this Note will be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns. Prior to the occurrence of an Event of Default, neither party may assign any of its rights or obligations hereunder without the prior written consent of the Holder. Following the occurrence of an Event of Default, the Holder may assign or transfer all or any of its rights or obligations under this Note without the consent of the Debtor. Except as otherwise expressly provided in this Note, any provision of this Note may be modified or supplemented only by an instrument in writing signed by the Debtor and the Holder. Any deviation from any provision of this Note may be waived or approved only by a written instrument signed by the Holder.

Definitions

“Acceleration Date” means the date the Outstanding Principal Amount, all accrued interest and all other amounts payable by the Debtor to the Holder provided for herein become due and payable by reason of the occurrence and continuance of an Event of Default.

“Business Day” means a day on which banks are generally open for commercial banking business in the City of Toronto.

“Change of Control” means any circumstances arising after the date hereof in which a Person or combination of Persons acting jointly or in concert (within the meaning of the *Securities Act* (Ontario), as amended) (i) acquires the beneficial ownership of more than 41% of the equity securities of the Debtor, or (ii) acquires the beneficial ownership of (A) a majority of the equity securities of the Debtor that are currently held by All Js Greenspace LLC or (B) a controlling interest in All Js Greenspace LLC, or (iii) otherwise acquires the power (by contract or otherwise) to elect two (2) new members to the board of directors of the Debtor, or (iv) acquires any material assets of the Debtor or its subsidiaries, or (v) completes any transaction, that would result in a material change in or to the

business of the Debtor or its subsidiaries, or (vi) enters into any transaction in respect of the matters listed in (i), (iv) and (v) above and prior to the completion of such transaction, consideration is paid by such Person or Persons to the Debtor in respect of such transaction. Notwithstanding the foregoing, if Jay Schottenstein or All Js Greenspace LLC, or any of its affiliates acquires any equity securities of the Debtor, this shall not constitute a “Change of Control” for the purpose of this definition.

“**Collateral**” means all present and after acquired assets of the Debtor, wherever located, now or hereafter owned, or to which the Debtor now or hereafter has rights.

“**Default Rate**” is used with the defined meaning assigned in subparagraph (b) on the face page of this Note.

“**Event of Default**” means:

- (a) the Debtor fails to pay any amount payable hereunder when due;
- (b) a Change of Control;
- (c) breach by the Debtor of any provision of this Note (other than breach described in (a) above) that is not remedied within two (2) Business Days of the date of such breach;
- (d) the Debtor (i) becomes insolvent or generally not able to pay its debts as they become due, (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of creditors, (iii) institutes or has instituted against it any proceeding seeking (x) to adjudicate it a bankrupt or insolvent, (y) liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving its creditors, or (z) the entry of an order for relief or the appointment of a receiver, trustee, liquidator, administrator or other similar official for it or for any substantial part of its properties and assets, and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including the entry of an order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs, or (iv) takes any corporate action to authorize any of the above actions;
- (e) the commencement by any Person or governmental authority of criminal proceedings against the Debtor;

- (f) the Holder in good faith believes, and has commercially reasonable grounds for believing, that the prospect of payment or performance of any part of the obligations hereunder or under the Schottenstein Guarantee is or is about to be impaired, that the value of the Collateral is or is about to be adversely impacted or that the validity or enforceability this Note or the Schottenstein Guarantee may be adversely affected;
- (g) failure to pay the Overdue Interest Payment on December 3, 2019; or
- (h) the Guarantor contests or denies his liability under the Schottenstein Guarantee.

“**Person**” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, governmental authority or other entity.

General Provisions

The Debtor hereby acknowledges and agrees with GAOC that from the date hereof, the reference to “Promissory Note” in the share purchase agreement dated April 15, 2019 between the Debtor and GAOC (the “**Share Purchase Agreement**”) shall be deemed to refer to this Note.

It is expressly intended, understood and agreed that this Note shall replace and supersede the Original Note as evidence of the indebtedness of the Debtor to the Holder under the Share Purchase Agreement and all indebtedness outstanding under the Original Note as of the Issue Date hereof shall be deemed payable under this Note, subject to the terms and conditions hereof.

Time is of the essence of this Note.

The Debtor hereby waives presentment, demand, dishonour, notice of dishonour, protest, noting of protest and notice of any other kind.

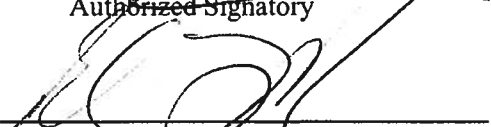
This Note shall be deemed to have been made and issued in the Province of Ontario and shall be governed by and construed, performed and enforced in accordance with the laws of the Province of Ontario including the federal laws of Canada applicable therein.

[Signature Page Follows]

IN WITNESS WHEREOF, the Debtor has caused this Note to be duly executed and delivered as of the Issue Date.

GREEN GROWTH BRANDS INC.

Per: 
Authorized Signatory

Per: 
Authorized Signatory

GRID

[illegible]

Exhibit C

EXHIBIT "C"

referred to in the Affidavit of

RAYMOND C. WHITAKER III

Sworn May 19, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

GENERAL SECURITY AGREEMENT

THIS AGREEMENT is made as of the 15th day of April, 2019 by **GREEN GROWTH BRANDS INC.**, as debtor (together with its successors and assigns, the “**Debtor**”), a corporation formed under the laws of the Province of Ontario in favour of **GA OPPORTUNITIES CORP.**, as lender (together with its successors and assigns, the “**Lender**”), a corporation formed under the laws of the Province of Ontario.

BACKGROUND:

Pursuant to the terms of a certain purchase agreement between the Debtor and the Lender, the Debtor will, upon satisfaction of certain conditions, purchase 27,300,000 common shares of itself (the “**GGB Subject Shares**”) from the Lender, (the “**Share Purchase Agreement**”);

Pursuant to the terms of the Share Purchase Agreement, a component of the CAD 89,000,000 purchase price for the GGB Subject Shares is a certain promissory note to be issued by the Debtor to the Lender in the amount of CAD 39,000,000 (the “**Note**”), pursuant to which the Debtor shall be indebted to the Lender for the purposes and on the terms and conditions more specifically outlined in the Note and the Share Purchase Agreement.

It is a condition under the terms of the Share Purchase Agreement and the Note that *inter alia*, the Debtor enter into a general security agreement in favour of the Lender to secure its Obligations.

FOR VALUABLE CONSIDERATION (the receipt and sufficiency of which are hereby acknowledged), the Debtor covenants, acknowledges, represents and warrants in favour of the Lender as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

Each word and expression (capitalized or not) defined or given an extended meaning in Schedule 1.1 is used in this General Security Agreement with the respective defined or extended meaning given to it in Schedule 1.1. Each word and expression defined in the Note, and not otherwise defined herein, is used in this General Security Agreement (including in the recitals hereto) with the respective defined meaning given to it in the Note. Words and expressions defined in the PPSA and/or the STA and used without initial capitals in this General Security Agreement (including in Schedule 1.1) have the respective defined meanings given to them in the PPSA and/or STA, unless the context otherwise requires.

1.2 Statutes

Each reference in this General Security Agreement to any code, statute, regulation, official interpretation, directive or other legislative enactment of any Canadian or foreign jurisdiction (including any political subdivision of any thereof) at any time shall be

construed so as to include such code, statute, regulation, official interpretation, directive or enactment and each change thereto made at or before the time in question.

1.3 Reference to Agreements and Documents

Each reference in this General Security Agreement to any agreement or document (including this General Security Agreement and any other term defined in Schedule 1.1 that is an agreement or document) shall be construed so as to include such agreement or document (including any attached schedules, appendices and exhibits), and each change made to it at or before the time in question.

1.4 Headings

The Article and Section headings in this General Security Agreement are included solely for convenience, are not intended to be full or accurate descriptions and shall not be considered part of this General Security Agreement.

1.5 Grammatical Variations

In this General Security Agreement, (a) words and expressions (including defined terms and words and expressions (capitalized or not) given extended meanings) in the singular include the plural and vice versa (the necessary changes being made to fit the context), (b) words in one gender include all genders and (c) grammatical variations of words and expressions (capitalized or not) defined, given extended meanings or incorporated by reference herein shall be construed in like manner.

ARTICLE 2 GRANT OF SECURITY

2.1 Security

The Debtor, as general and continuing collateral security, without impairment or novation, for the due payment and performance of the Obligations, and subject to Section 2.8, hereby grants a security interest in all of the Debtor's present and after-acquired personal property to and in favour of the Lender.

2.2 Attachment

The Debtor agrees that value has been given, that the Debtor and the Lender have not agreed to postpone the time for attachment of the Security and that the Security is intended to attach, as to all of the Collateral in which the Debtor now has rights, when the Debtor executes this General Security Agreement, and, as to all Collateral in which the Debtor only has rights after the execution of this General Security Agreement, when the Debtor first has such rights. For certainty, the Debtor confirms and agrees that the Security is intended to attach to all present and future Collateral of the Debtor and each successor of the Debtor.

2.3 Duty of Care

The Lender shall not have any duty of care to the Debtor with respect to Collateral in physical form which is delivered to the Lender to be held by it pursuant to this General Security Agreement, other than to use the same care in the physical custody and physical preservation of such Collateral as it would with its own physical property of like nature. The Lender shall have no obligation to (a) take any action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to the Collateral or (b) take any necessary actions required to preserve rights against any Persons with respect to Collateral.

2.4 Proceeds Held in Trust

If an Event of Default has occurred and is continuing, the Debtor shall receive and hold all Proceeds in trust for the benefit of the Lender, separate and apart from other monies, instruments or property, and shall forthwith endorse as necessary and pay over or deliver them to the Lender to be dealt with in the manner provided for in this General Security Agreement and/or the Note.

2.5 Account Debtors

If an Event of Default has occurred and is continuing, the Lender may require any account debtor of the Debtor to make payment directly to the Lender and the Lender may hold all amounts acquired from any such account debtors and any Proceeds as part of the Collateral to be dealt with in the manner provided for this General Security Agreement and/or the Note.

2.6 Collection of Accounts

The Debtor shall take all commercially reasonable steps to collect all Accounts owing to it.

2.7 Commingled Goods

If Collateral subsequently becomes part of a product or mass to which the security interest of another secured party attaches, then the Security shall continue in such product or mass and extend to all Accounts, Replacements or Proceeds arising from any dealing with such product or mass, ranking in priority to those Liens of any other Person holding a Lien upon such product or mass. Except for Permitted Liens, the Debtor shall not grant or permit to subsist any Lien in favour of any other creditor in goods that become part of any such product or mass, unless that creditor first agrees to the subordination of its interest to that of the Lender in all Accounts, Replacements and Proceeds arising from dealings with such product or mass, and the Debtor shall use its best efforts to obtain the consent of each existing such creditor to the rights granted to the Lender in this Section 2.7.

2.8 Restricted Rights

- (a) Notwithstanding anything to the contrary contained in any other provision of this General Security Agreement, if the Debtor cannot lawfully grant the Security in any agreement, right, franchise, equipment lease or sublease, Intellectual Property

right or Licence in which it now or hereafter has rights (each, an “**Restricted Right**”) or in any goods subject to any Restricted Right (“**Restricted Goods**”) because the terms of such Restricted Right prohibit or restrict such Security, the Restricted Right requires the consent of any Person which has not been obtained or the grant of such Security in the Restricted Right or Restricted Goods would contravene or is void under any applicable statute or regulation, result in a material loss and expense to the Debtor or (in the judgment of the Lender) materially adversely affect the Security in any Collateral, that Restricted Right shall not, to the extent it would be illegal, void, result in a material loss and expense to the Debtor or materially adversely affect the Security in any Collateral (each, a “**Prescribed Restricted Right**”), be subject to the Security (save to the extent provided below) unless and until such agreements, consents, waivers and approvals as may be required to avoid such illegality, voidness, material loss and expense or material adverse effect have been obtained (“**Required Approvals**”). The Security shall nonetheless immediately attach to any rights of the Debtor arising under, by reason of, or otherwise in respect of such Prescribed Restricted Right, such as the right to receive payments thereunder and all Proceeds and Replacements of the Prescribed Restricted Right (“**Related Rights**”), (i) if and to the extent and as at the time such attachment to the Related Rights is not illegal, void, would not result in a material loss and expense to the Debtor or materially adversely affect the Security in any material way in any other Collateral, (ii) if such prohibition or restriction is not enforceable against third parties such as the Lender or (iii) if an Event of Default occurs and is continuing.

- (b) To the extent permitted by applicable statute or regulation, the Debtor will hold in trust for the Lender, and provide the Lender with the benefits of, each Prescribed Restricted Right and following the occurrence of an Event of Default and while it is continuing, will enforce all Prescribed Restricted Rights at the direction of the Lender or at the direction of such other Person (including any purchaser of Collateral from the Lender or any Receiver) as the Lender may designate, provided that until the security interest created hereby becomes enforceable, the Debtor shall, to the extent permitted by the Note, be entitled to receive all proceeds relating to the Prescribed Restricted Rights, subject to the Security.
- (c) The Debtor shall, at the time it enters into any IP Licence, other than an IP Licence of “off-the-shelf”, “shrink wrap” and “click wrap” software, obtain from the licensor or licensee (as applicable) under such IP Licence (i) a consent to the Security in such IP Licence and related Intellectual Property, including all of the Debtor’s rights thereto, and to any disposition thereof pursuant to Article 6 and (ii) an agreement that the Lender shall have no obligations to such licensor or licensee (as applicable) by reason only of such Security or disposition.
- (d) For greater certainty, no Lien granted in Trade-marks pursuant to this General Security Agreement shall constitute an absolute assignment of such Trade-mark in favour of the Lender unless and until the Lender exercises its power of sale or foreclosure hereunder or under the PPSA in relation thereto.

2.9 Consumer Goods

The Debtor shall ensure that Collateral does not and shall at no time include consumer goods.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

The Debtor represents and warrants to and in favour of the Lender as follows:

3.1 Locations of Collateral

The registered office, places of business, chief executive office, principal place of residence and location of the Debtor (within the meaning assigned in Section 7(3) of the PPSA or equivalent under any other applicable PPSA) and the jurisdictions of the Collateral (except (i) Collateral which is in transit to and from such premises in the Ordinary Course and (ii) Collateral having an aggregate value that does not exceed \$100,000 are:

- (a) Ontario;
- (b) Ohio;
- (c) Nevada; and
- (d) Massachusetts

3.2 Reliance and Survival

All representations and warranties of the Debtor made herein or in any certificate or other document delivered by or on behalf of the Debtor to the Lender are material, shall survive the execution and delivery of this General Security Agreement and shall continue in full force and effect until the Obligations are paid in full. the Lender shall be deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Lender at any time.

ARTICLE 4 COVENANTS OF THE DEBTOR

4.1 Records

The Debtor shall keep proper Records and shall furnish all information and statements relating to the Collateral which the Lender reasonably requests.

4.2 Liens

The Debtor shall defend the title to the Collateral against all Persons as any prudent owner of Collateral would do. The foregoing shall not in any way prevent the Lender from, at any time, contesting the validity, enforceability or priority of any Lien. Except for Permitted Liens, no Lien shall be entitled to priority over the Security, except to the extent that it

is entitled to such priority as a purchase-money security interest under the PPSA. Nothing in this General Security Agreement is intended to create any rights (including subordination rights or any release of Security) in favour of any Person other than the Lender, any successor or assign of the Lender, any Receiver and the other Indemnified Parties.

4.3 Further Assurances

The Debtor shall at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, transfers, mortgages, pledges, charges, assignments, documents and assurances as the Lender may reasonably require in order to give effect to the provisions of this General Security Agreement and for the better securing or perfecting the Security and the priority accorded to the Security intended under the Note, the Share Purchase Agreement and/or this General Security Agreement. Subject to Sections 2.8, upon the request of the Lender, the Debtor shall specifically mortgage, pledge, charge, grant a security interest in, or assign in favour of the Lender any Collateral in which the Debtor now or hereafter has rights and shall execute all documents reasonably required by the Lender in connection therewith. The Debtor constitutes and appoints the Lender to be its attorney with full power of substitution to do on the Debtor's behalf anything that the Debtor can lawfully do by an attorney, including to do, make and execute all such assignments, documents, acts, matters or things, with the right to use the name of the Debtor, whenever and wherever it deems necessary or expedient and to carry out the Debtor's obligations under this General Security Agreement. Such power of attorney, being granted by way of security and coupled with an interest, is irrevocable until the Obligations of the Debtor are paid in full. Such power of attorney shall not be exercisable by the Lender (a) unless an Event of Default has occurred and while it is continuing or (b) unless the Lender has requested the Debtor to take any action required pursuant to this Section 4.3 and the Debtor has failed to do so within two (2) Business Days of that request.

4.4 Notice of Change

The Debtor shall notify the Lender in writing (a) at least 10 Business Days prior to (i) any change of name, (ii) transfer of the Debtor's interest in any Collateral not expressly permitted hereunder or under the Note, (iii) any change in the jurisdiction where (A) the Debtor is incorporated, formed or continuing or is located (within the meaning of Section 7(3) of the PPSA) or (B) where the registered office, chief executive office of the Debtor is located.

4.5 Indemnity

The Debtor will indemnify the Lender, any Receiver and their respective representatives, (each, an "**Indemnified Party**") in respect of, and save each Indemnified Party fully harmless from and against, all claims and losses and expenses which such Indemnified Party may suffer or incur in connection with (a) the exercise by the Lender or any Receiver of any of its rights hereunder, (b) any breach by the Debtor of the representations or warranties of the Debtor contained herein, or (c) any breach by the Debtor of any of its obligations under this Security Agreement, save that the Debtor shall not be obliged to so indemnify any Indemnified Party to the extent such claims and losses and expenses are determined by a final judgment to have directly resulted from the wilful misconduct or gross negligence of such Indemnified Party. The Lender shall be constituted as the trustee of each Indemnified Party, other than itself, and

shall hold and enforce each such other Indemnified Party's rights under this Section 4.5 for their respective benefits.

4.6 Reimbursements as Obligations

All amounts for which the Debtor is required hereunder to reimburse the Lender or any Receiver shall, from the date of disbursement until the date the Lender or such Receiver receives reimbursement, be deemed advanced to the Debtor by the Lender or such Receiver, as the case may be, on the faith and security of this General Security Agreement shall be deemed to be Obligations secured by the Security and shall bear interest from the date of disbursement, compounded and payable monthly, both before and after demand, default and judgment, until payment of such amount is paid in full at the Default Rate.

4.7 Registration

The Debtor shall, to the extent the Lender has not caused its legal counsel to do so, cause its representatives to forthwith register, file and record this General Security Agreement or notice thereof, on behalf of the Lender, at all proper offices where, in the opinion of the Lender's legal counsel, such registration, filing or recording may be necessary or advantageous to create, perfect, preserve or protect the Security in the Collateral and its priority and shall cause its representatives to maintain all such registrations, filings and recordings on behalf of the Lender in full force and effect.

ARTICLE 5 DEFAULT

5.1 Default

Whenever any Event of Default has occurred and is continuing, unless the Lender notifies the Debtor to the contrary and subject to such terms and conditions as may be contained in such notice, the Security shall become immediately crystallized and enforceable without the necessity for any further action or notice by the Lender.

5.2 Waiver

The Lender may waive any Event of Default or any breach by the Debtor of any of the provisions of this General Security Agreement. No waiver, however, shall be deemed to extend to a subsequent breach or Event of Default, whether or not the same as or similar to the breach or Event of Default waived, and no act or omission by the Lender shall extend to, or be taken in any manner whatsoever to affect, any subsequent breach or Event of Default or the rights of the Lender arising therefrom. Any such waiver must be in writing and signed by the Lender to be effective. No failure on the part of the Lender to exercise, and no delay by the Lender in exercising, any right under this General Security Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

ARTICLE 6 REMEDIES ON DEFAULT

6.1 Remedies of the Lender

If the Security becomes enforceable in accordance with Article 5, the Lender shall have the rights set out in this Article 6.

6.2 Right to Appoint a Receiver

The Lender may appoint by instrument in writing one or more Receivers of any Collateral. Any such Receiver shall have the rights set out in this Article 6. In exercising such rights, any Receiver shall act as and for all purposes shall be deemed to be the agent of the Debtor and the Lender shall not be responsible for any act or default of any Receiver. The Lender may remove any Receiver and appoint another from time to time. An officer or employee of the Lender may be appointed as a Receiver. No Receiver appointed by the Lender need be appointed by, nor need its appointment be ratified by, or its actions in any way supervised by, a court. If two or more Receivers are appointed to act concurrently, they shall, unless otherwise expressly provided in the instrument appointing them, so act severally and not jointly and severally. The appointment of any Receiver or anything done by a Receiver or the removal or termination of any Receiver shall not have the effect of constituting the Lender a mortgagee in possession in respect of the Collateral.

6.3 Rights of a Receiver

Any Receiver appointed by the Lender shall (to the extent included in its appointment) have the following rights:

- (a) *Power of Entry.* Any Receiver may at any time enter upon any premises owned, leased or otherwise occupied by the Debtor or where any Collateral is located to take possession of, disable or remove any Collateral, and may use whatever means the Receiver considers advisable to do so.
- (b) *Right to Possession.* Any Receiver shall be entitled to immediate possession of Collateral and the Debtor shall forthwith upon demand by any Receiver deliver up possession to a Receiver of any Collateral.
- (c) *Power of Sale.*
 - (i) Any Receiver may sell, lease, consign, licence, assign or otherwise dispose of any Collateral by public auction, private tender or private contract with or without notice, advertising or any other formality, all of which are hereby waived by the Debtor to the extent permitted by applicable law. Any Receiver may, at its discretion, establish the terms of such disposition, including terms and conditions as to credit, upset, reserve bid or price. All payments made pursuant to such dispositions shall be credited against the Obligations only as they are actually received. Any Receiver may buy in, rescind or vary any contract for the disposition of

any Collateral and may dispose of any Collateral again without being answerable for any loss occasioned thereby. Any such disposition may take place whether or not the Receiver has taken possession of the Collateral. The exercise by the Receiver of any power of sale does not preclude the Receiver from further exercise of its power of sale in accordance with this clause.

- (ii) The Debtor agrees that any Receiver may, in its discretion, approach a restricted number of potential purchasers to effect any sale of any Securities comprised in the Collateral and that a sale under such circumstances may yield a lower price for Collateral than would otherwise be obtainable if the same were registered and sold in the open market. The Debtor agrees that:
 - (A) in the event any Receiver shall so sell Collateral at such private sale or sales, the Receiver shall have the right to rely upon the advice and opinion of any Person who regularly deals in or evaluates Securities of the type constituting the Collateral as to the best price obtainable in a commercially reasonable manner; and
 - (B) such reliance shall be conclusive evidence that the Receiver handled such matter in a commercially reasonable manner.
- (d) *Carrying on Business.* Any Receiver may carry on, or concur in the carrying on of, any of the business or undertaking of the Debtor and may, to the exclusion of all others, including the Debtor, enter upon, occupy and use any of the premises, buildings, plant and undertaking of or occupied or used by the Debtor and may use any of the Equipment and Intangibles of the Debtor for such time and such purposes as the Receiver sees fit. No Receiver shall be liable to the Debtor for any negligence in so doing or in respect of any rent, charges, costs, depreciation or damages in connection with any such action.
- (e) *Pay Liens.* Any Receiver may pay any liability secured by any actual or threatened Lien against any Collateral. A Receiver may borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor and may grant Liens in any Collateral in priority to the Security as security for the money so borrowed. The Debtor will forthwith on demand reimburse the Receiver for all such payments and borrowings.
- (f) *Dealing with Collateral.* Any Receiver may seize, collect, realize, dispose of, enforce, release to third parties or otherwise deal with any Collateral in such manner, upon such terms and conditions and at such time as it deems advisable without notice to the Debtor (except as otherwise required by applicable law), and may charge on its own behalf and pay to others its costs and expenses (including legal, Receiver's and accounting fees and expenses on a full indemnity basis) incurred in connection with such actions. The Debtor will forthwith upon demand reimburse the Receiver for all such costs or expenses.

- (g) *Powers re Collateral.* Any Receiver may have, enjoy and exercise all of the rights of and enjoyed by the Debtor with respect to the Collateral or incidental, ancillary, attaching or deriving from the ownership by the Debtor of the Collateral, including the right to enter into agreements pertaining to Collateral, the right to commence or continue proceedings to preserve or protect Collateral and the right to grant or agree to Liens on the whole or any part of the Collateral.
- (h) *Retain Services.* Any Receiver may retain the services of such real estate brokers and agents, lawyers, accountants, appraisers and other consultants as the Receiver may deem necessary or desirable in connection with anything done or to be done by the Receiver or with any of the rights of the Receiver set out herein and pay their commissions, fees and disbursements (which payment shall constitute part of the Receiver's disbursements reimbursable by the Debtor hereunder). The Debtor shall forthwith on demand reimburse the Receiver for all such payments.

6.4 Right to have Court Appoint a Receiver

The Lender may, at any time, apply to a court of competent jurisdiction for the appointment of a Receiver, or other official, who may have powers the same as, greater or lesser than, or otherwise different from, those capable of being granted to a Receiver appointed by the Lender pursuant to this General Security Agreement.

6.5 The Lender may exercise rights of a Receiver

In lieu of, or in addition to, exercising its rights under Sections 6.3 and 6.4, the Lender has, and may exercise, (to the extent permitted by applicable law) any of the rights which are capable of being granted to a Receiver appointed by the Lender pursuant to this General Security Agreement.

6.6 Retention of Collateral

The Lender may elect to retain any Collateral in satisfaction of the Obligations of the Debtor. The Lender may designate any part of the Obligations to be satisfied by the retention of particular Collateral which the Lender considers to have a net realizable value approximating the amount of the designated part of the Obligations, in which case only the designated part of the Obligations shall be deemed to be satisfied by the retention of the particular Collateral.

6.7 Limitation of Liability

Neither the Lender nor any Receiver shall be liable or accountable for any failure of the Lender or any Receiver to seize, collect, realize, dispose of, enforce or otherwise deal with any Collateral nor shall any of them be bound to institute proceedings for any such purposes or for the purpose of preserving any rights of the Lender, the Debtor or any other Person in respect of any Collateral. Neither the Lender nor any Receiver shall be liable or responsible for any loss and expense whatever which may accrue in consequence of any such failure, except to the extent of any losses and expenses that are determined by a final judgment to have primarily and directly resulted from the gross negligence or wilful misconduct of the Lender, any Receiver or any of their respective representatives. If any Receiver or the Lender takes possession of any

Collateral, neither the Lender nor any Receiver shall have any liability as a mortgagee in possession or be accountable for anything except actual receipts.

6.8 Extensions of Time

The Lender and any Receiver may grant renewals, extensions of time and other indulgences, take and give up Liens, accept compositions, grant releases and discharges, perfect or fail to perfect any Liens, release any Collateral to third parties and otherwise deal or fail to deal with the Debtor, debtors of the Debtor and others and with any Collateral and other Liens as the Lender may see fit, all without prejudice to the liability of the Debtor to the Lender or the rights of the Lender and any Receiver under this General Security Agreement.

6.9 Set-Off, Combination of Accounts and Crossclaims

The Obligations will be paid by the Debtor without regard to any equities between the Debtor and the Lender, including any right of set-off or cross-claim. Any indebtedness owing by the Lender to the Debtor, direct or indirect, extended or renewed, actual or contingent, mutual or not, may be set-off or applied against, or combined with, the Obligations by the Lender at any time either before or after maturity, without demand upon or notice to anyone and the terms of such indebtedness shall be changed hereby to the extent necessary to permit such set-off, application and combination.

6.10 Deficiency

If the proceeds of the realization of any Collateral are insufficient to repay all Obligations, the Debtor shall forthwith pay or cause to be paid to the Lender such deficiency.

6.11 Validity of Sale

No Person dealing with the Lender or any Receiver or with any representative of the Lender or any Receiver shall be concerned to inquire whether the Security has become enforceable, whether any right of the Lender or any Receiver has become exercisable, whether any Obligations remain outstanding or otherwise as to the propriety or regularity of any dealing by the Lender or any Receiver with any Collateral or to see to the application of any money paid to the Lender or any Receiver, and in the absence of fraud on the part of such Person such dealings shall be deemed, as regards such Person, to be within the rights hereby conferred and to be valid and effective accordingly.

6.12 No Marshalling

The Debtor hereby waives any rights it may have under applicable law to assert the doctrine of marshalling or to otherwise require the Lender to marshal any Collateral or any other collateral of the Debtor or any other Person for the benefit of the Debtor.

6.13 The Lender or Receiver may Perform

Upon the occurrence and during the continuance of an Event of Default, without limiting any other provision hereof, the Lender or any Receiver may perform those Obligations as attorney for the Debtor in accordance with Section 4.3. The Debtor shall remain liable under

each Restricted Right and each agreement and Licence to which it is party or by which it or any of its property is bound and shall perform all of its obligations thereunder, and shall not be released from any of its obligations under any such Restricted Right, agreement or Licence by the exercise of any rights by the Lender or any Receiver. Neither the Lender nor any Receiver shall have any obligation under any such Restricted Right, agreement or Licence, by reason of this General Security Agreement, nor shall the Lender or any Receiver be obliged to perform any of the obligations of the Debtor thereunder or to take any action to collect or enforce any claim made subject to the security of this General Security Agreement. The rights conferred on the Lender and any Receiver under this General Security Agreement are for the purpose of preserving, protecting, perfecting and enforcing the Security in the Collateral and shall not impose any obligation upon the Lender or any Receiver to exercise any such rights.

6.14 Effect of Appointment of Receiver

As soon as the Lender takes possession of any Collateral or appoints a Receiver over any Collateral, all rights of each of the representatives of the Debtor with respect to that Collateral shall cease, unless specifically continued by the written consent of the Lender or the Receiver.

6.15 Rights in Addition

The rights conferred by this Article 6 are in addition to, and not in substitution for, any other rights the Lender may have under this General Security Agreement, at law, in equity or by or under applicable law or any other agreement. The Lender may proceed by way of any proceeding at law or in equity, including (a) the right to take proceedings in any court of competent jurisdiction for the sale or foreclosure of the Collateral and (b) filing proofs of claim and other documentation to establish the claims of the Lender in any proceeding relating to the Debtor. No right of the Lender or any Receiver shall be exclusive of or dependent on any other. Any such right may be exercised separately or in combination, and at any time. The exercise by the Lender or any Receiver of any right hereunder does not preclude the Lender or any Receiver from further exercise of such right in accordance with this General Security Agreement.

6.16 Application of Payments Against Obligations

Each Recovery received by the Lender shall, notwithstanding any appropriation by the Debtor, be appropriated by the Lender against such Obligations as the Lender shall direct or as the Note shall otherwise require, and the Lender shall have the right to change any appropriation at any time. If any Recovery is received or appropriated by the Lender in respect of Obligations not yet due, they shall be credited to a cash collateral account opened by the Lender for such purpose in its own records of account, as the Lender may in its discretion decide, and appropriated to the Obligations when due or be otherwise dealt with in accordance with the Note.

ARTICLE 7 GENERAL

7.1 Security in Addition

The Security does not replace or otherwise affect any existing or future Lien held by the Lender. Neither the taking of any proceeding, judicial or extra-judicial, nor the refraining from so doing, nor any dealing with any other security for any Obligations shall release or affect the Security. Neither the taking of any proceeding, judicial or extra-judicial, pursuant to this General Security Agreement, nor the refraining from so doing, nor any dealing with any Collateral shall release or affect any of the other Liens held by the Lender for the payment or performance of the Obligations.

7.2 No Merger

This General Security Agreement shall not operate by way of a merger of the Obligations or of any guarantee, agreement or document by which the Obligations now or at any time hereafter may be represented or evidenced. Neither the taking of any judgment nor the exercise of any power of seizure or disposition shall extinguish the liability of the Debtor to pay and perform the Obligations nor shall the acceptance of any payment or alternate security constitute or create any novation. No covenant, representation or warranty of the Debtor herein shall merge in any judgment.

7.3 Notices

Any notice, demand, consent, approval or other communication to be made or given under or in connection with this General Security Agreement shall be given or made to the address set forth in the signature block hereto, and shall be made by way of registered mail, unless otherwise agreed to by the Lender, in its sole discretion.

7.4 Time of the Essence

Time is and shall remain of the essence of this General Security Agreement and each of its provisions.

7.5 Governing Law

This General Security Agreement shall be governed by, and construed and interpreted in accordance with, the laws in force in the Province of Ontario, including the federal laws of Canada applicable therein, but excluding choice of law rules. The Debtor irrevocably attorns to and submits to the non-exclusive jurisdiction of the courts of the Province of Ontario located at Toronto with respect to any matter arising hereunder or related hereto. Such choice of law shall, however, be without prejudice to or limitation of any other rights available to the Lender under the laws of any other jurisdiction where Collateral may be located.

7.6 Entire Agreement

There are no representations, warranties, covenants, agreements or acknowledgments, whether direct or collateral, express or implied, that form part of or affect this

General Security Agreement or any Collateral, other than as expressed herein or in the Note. The execution of this General Security Agreement has not been induced by, nor does the Debtor rely upon or regard as material, any representations, warranties, conditions, other agreements or acknowledgments not expressly made in this General Security Agreement and the other written agreements and other documents to be delivered pursuant hereto or contemporaneously herewith.

7.7 Provisions Reasonable

The Debtor acknowledges that the provisions of this General Security Agreement and, in particular, those respecting rights of the Lender or any Receiver against the Debtor and any Collateral upon an Event of Default, that has occurred and is continuing are commercially reasonable and not manifestly unreasonable.

7.8 Invalidity

If any provision of this General Security Agreement is found to be invalid or unenforceable, by a final judgment of a court of competent jurisdiction, to the fullest extent permitted by applicable law, (a) in such jurisdiction that provision shall be deemed to be severed herefrom and the remaining provisions of this General Security Agreement shall not be affected thereby but shall remain valid and enforceable and (b) such invalidity or unenforceability shall not affect the validity or enforceability of such provision in any other jurisdiction. The Debtor shall, at the request of the Lender, negotiate in good faith with the Lender to replace any invalid or unenforceable provision contained in this General Security Agreement with a valid and enforceable provision that has the economic and commercial effect as close as possible to that of the invalid or unenforceable provisions, to the extent permitted by applicable law.

7.9 Successors and Assigns

This General Security Agreement and the rights and obligations of the Lender hereunder may be assigned and transferred by the Lender to any assignee and any such assignee and transferee shall be entitled to all of the rights and bound by all of the obligations of the Lender hereunder. The Debtor may not assign this General Security Agreement or any right or obligation hereunder. This General Security Agreement shall enure to the benefit of each of the Indemnified Parties and their respective successors and assigns and shall be binding upon the Debtor, its legal representatives (including receivers) and its successors. Each reference in this General Security Agreement to any Person (including the Debtor and any Indemnified Party) shall (to the extent the context so admits) be construed so as to include the successors of that Person and (in the case of each Indemnified Party) the assigns of that Person as permitted by the Note.

7.10 Amalgamation

The Debtor acknowledges and agrees that, in the event the Debtor amalgamates with any other corporation or corporations, it is the intention of the parties hereto that the term "the Debtor," when used herein, shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the Security (a) shall extend to Collateral owned by each of the amalgamating corporations and the amalgamated corporation at the time of amalgamation and to any Collateral thereafter owned or acquired by the amalgamated corporation and (b) shall

secure all Obligations of each of the amalgamating corporations and the amalgamated corporation to the Lender at the time of amalgamation and all Obligations of the amalgamated corporation to the Lender thereafter arising. The Security shall attach to all Collateral owned by each corporation amalgamating with the Debtor and shall attach to all Collateral thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired.

7.11 Statutory Waivers

To the fullest extent permitted by applicable law, the Debtor waives all of the rights, benefits and protections given by the provisions of any existing or future statute which imposes limitations upon the rights of a secured party or upon the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute.

7.12 Currency

All references in this General Security Agreement to monetary amounts, unless specifically provided, are to lawful money of Canada. All sums of money payable under the Note shall be paid in the currency in which such sums are incurred or expressed as due thereunder.

7.13 Currency Conversions

If the Lender receives any Recovery in a currency (the “**Recovered Amount**”) which is different than the currency in which the Obligations are expressed (the “**Contract Currency**”), the Lender may convert the Recovered Amount to the Contract Currency at the rate of exchange which the Lender is able, acting in a reasonable manner and in good faith, to purchase the relevant amount of the Contract Currency. The amount of the Contract Currency resulting from any such conversion shall then be applied in accordance with the provisions of Section 6.16.

7.14 Change

No agreement purporting to change (other than an agreement purporting to waive performance or compliance with) any provision of this General Security Agreement shall be binding upon the Debtor or the Lender unless that agreement is in writing and signed by the Debtor and the Lender. No waiver of performance or compliance with any provision hereof shall be binding upon any party hereto unless such waiver is in writing signed by the parties sought to be bound thereby.

7.15 Receipt of Copy

The Debtor acknowledges receipt of a copy of this General Security Agreement and copies of the verification statements pertaining to the financing statements filed under the PPSA and under the personal property security statutes of other provinces by the Lender in respect of this General Security Agreement. To the extent permitted by applicable law, the Debtor irrevocably waives the right to receive a copy of each financing statement or financing change statement (or any verification statement pertaining thereto) filed under any PPSA by the

Lender in respect of this General Security Agreement or any other general security agreement, and releases any and all claims or causes of action it may have against the Lender for failure to provide any such copy.

7.16 Limitation Period

The parties hereto agree to extend the limitation period under the *Limitations Act, 2002* (Ontario), other than one established by Section 15 of that Act, applicable to this General Security Agreement, and each provision hereof and any claim thereunder, to six (6) years.

7.17 Information

At any time the Lender may provide to any Person that claims an interest in Collateral copies of this General Security Agreement or information about it or about the Collateral or the Obligations.

7.18 Note to Govern

If there is any conflict between the provisions of this General Security Agreement and the provisions of the Note, the provisions of the Note shall govern and apply to the extent of the inconsistency. Notwithstanding the foregoing, this Section 7.18 shall not apply to limit, restrict, prejudice or otherwise affect or impair in any way the rights of the Lender under this General Security Agreement after the Security has become enforceable.

7.19 Execution

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. Transmission of a copy of an executed signature page of this Agreement (including any change to this Agreement) by one party hereto to each other party hereto by facsimile transmission or e-mail in pdf format, shall be as effective as delivery to the other parties hereto of an original executed counterpart hereof.

[Remainder of page intentionally left blank.]

TO WITNESS THIS AGREEMENT, the Debtor has caused this General Security Agreement to be duly executed as of the date set out at the commencement hereof.

Notice Details:

GREEN GROWTH BRANDS INC.

Green Growth Brands Inc.
4300 E 5th Ave
Columbus, OH 43219

By: Peter Horvath

Name: Peter Z. Horvath

Title: Chief Executive Officer

Attention: Peter Horvath
Email: PHorvath@GreenGrowthBrands.com

SCHEDULE 1.1

DEFINITIONS

1. **General Definitions.** Unless the context otherwise requires, in this General Security Agreement the following terms are used with their corresponding defined meanings:

“Accounts” means all accounts, including rights to receive royalties or licence fees, which are now owned by or due, owing or accruing due to the Debtor or which may hereafter be owned by or become due, owing or accruing due to the Debtor or in which the Debtor now or hereafter has any other rights, including all debts, claims and demands of any kind whatever, claims against the Crown and claims under insurance policies, and (as the context so admits) any item or part thereof.

“Collateral” means all property and other items made subject to Liens created under Section 2.1, wherever located, now or hereafter owned by Debtor or which Debtor now or hereafter has rights, including all rights, and any item or part thereof.

“Default Rate” at any time means the highest rate of interest payable under the Note at that time.

“Equipment” means all goods in which the Debtor now or hereafter has rights, other than Inventory or consumer goods, and (as the context so admits) any item or part thereof

“Event of Default” means:

- (a) breach by the Debtor of any provision of any of this General Security Agreement;
- (b) breach by the Debtor of any provision of the Note or the Share Purchase Agreement;
- (c) Debtor (i) becomes insolvent or generally not able to pay its debts as they become due, (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of creditors, (iii) threatens to institute, institutes or has instituted against it any proceeding seeking (x) to adjudicate it a bankrupt or insolvent, (y) liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving its creditors, or (z) the entry of an order for relief or the appointment of a receiver, trustee, liquidator, administrator or other similar official for it or for any substantial part of its properties and assets, and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including the entry of an order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for

any substantial part of its properties and assets) occurs, or (iv) takes any corporate action to authorize any of the above actions;

- (d) commencement by any person or governmental authority of criminal proceedings against the Debtor; or
- (e) Lender in good faith believes, and has commercially reasonable grounds for believing, that the prospect of payment or performance of the obligations hereunder is or is about to be impaired or that the value of the Collateral is or is about to be adversely impacted.

“General Security Agreement” means this general security agreement and all schedules attached hereto. All uses of the words “hereto”, “herein”, “hereof”, “hereby” and “hereunder” and similar expressions refer to this General Security Agreement.

“Intellectual Property” means trade secrets, confidential information and know-how, Software, patents, trademarks, patent or trade mark rights, registrations and applications, designs, logos, indicia, trade names, corporate names, company names, domain names, business names, trade styles, business identifiers, fictitious business names or characters, copyrights and copyright registrations and applications, integrated circuit topography rights, registrations and applications, semi-conductor chip rights, designs, design patents and other industrial design rights, registrations and applications, goodwill, letters patent and other industrial or intellectual property of whatever kind in which the Debtor now or hereafter has rights, and (as the context so admits) any item or part thereof.

“Intangibles” means all intangibles, all IP Licences and all authorizations of whatever kind in which the Debtor now or hereafter has rights, including all of the Debtor’s choses in action, contractual rights, goodwill and Intellectual Property, and (as the context so admits) any item or part thereof.

“Inventory” means all inventory of whatever kind in which the Debtor now or hereafter has rights, including all goods, wares, merchandise, materials, supplies, raw materials, goods in process, finished goods and other tangible personal property, including all goods, wares, materials and merchandise used or procured for packing or storing thereof, now or hereafter held for sale, lease, resale or exchange or that are to be furnished or have been furnished under a contract of service or that are used or consumed in the business of the Debtor, and (as the context so admits) any item or part thereof.

“IP Licence” means any licence agreement pursuant to which the Debtor is granted a right to use Intellectual Property or the Debtor grants a right to use Intellectual Property.

“Licence” means (i) any authorization from any governmental authority having jurisdiction with respect to the Debtor or its property, (ii) any authorization from any Person granting any easement or licence with respect to any real or immovable property owned, leased or otherwise used or occupied by the Debtor and (iii) any IP Licence.

“Lien” means any right of set-off intended to secure the payment or performance of an obligation, any deed of trust, mortgage, charge, hypothec, assignment, pledge, lien,

vendor's privilege, supplier's right of reclamation or other security interest or encumbrance of whatever kind or nature, regardless of form and whether consensual or arising by law (statutory or otherwise), that secures the payment of any indebtedness or liability or the observance or performance of any obligation.

"Obligations" means the payment and performance of all obligations of any nature or kind of the Debtor arising pursuant to, owing under, or in connection with the Share Purchase Agreement and the Note.

"Permitted Lien" means any Lien, existing as of the date of this General Security Agreement, filed pursuant to the Universal Commercial Code by a creditor against the Debtor.

"Person" means any natural person, corporation, firm, partnership, joint venture, joint stock company, incorporated or unincorporated association, government, governmental agency or any other entity, whether acting in an individual, fiduciary or other capacity.

"PPSA" means the *Personal Property Security Act* as from time to time in effect in the Province of Ontario (including the orders and regulations issued pursuant thereto); provided, however, that, in the event that, by reason of any provisions of law, any of the attachment, validity, effect, perfection or priority of the Security in any Collateral is governed by the Personal Property Security Act (including the orders and regulations issued pursuant thereto) as in effect in a jurisdiction other than the Province of Ontario, such terms shall mean the Personal Property Security Act (including the orders and regulations issued pursuant thereto) as in effect in such other jurisdiction (including for certainty the United States of America) for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

"Proceeds" means all proceeds and personal property in any form derived directly or indirectly from any Collateral or any disposal of or other dealing with any Collateral, or that indemnifies or compensates for such Collateral stolen, lost, destroyed or damaged, and proceeds of Proceeds whether or not of the same type, class or kind as the original Proceeds, and (as the context so admits) any item or part thereof.

"Receiver" means any receiver for the Collateral or any of the business, undertakings, property and assets of the Debtor appointed by the Lender pursuant to this General Security Agreement or by a court on application by the Lender.

"Records" means all books, accounts, invoices, letters, papers, security certificates, documents and other records in any form evidencing or relating in any way to any item or part of the Collateral and all agreements, Licences and other rights and benefits in respect thereof, and (as the context so admits) any item or part thereof.

"Recovery" means any monies received or recovered by the Lender pursuant to this General Security Agreement on account of the Obligations, whether pursuant to any enforcement of the Security, any proceeding, any settlement thereof or otherwise.

“Replacements” means all increases, additions and accessions to, and all substitutions for and replacements of, any item or part of the Collateral, and (as the context so admits) any item or part thereof.

“Restricted Right” is used as defined in Subsection 2.8(a).

“Securities” means all shares, stock, warrants, bonds, debentures, debenture stock, bills, notes and other securities in which the Debtor now or hereafter has rights, and (as the context so admits) any item or part thereof.

“Security” means the Liens created by this General Security Agreement.

“Software” means computer programs and databases owned by or licenced to the Debtor -in whatever form and on whatever medium those programs or databases might be expressed, fixed, embodied or stored from time to time, including the object code and source code versions thereof and all corrections, updates, enhancements, translations, modifications, derivations and new versions thereof together with both the media upon or in which such software and databases are expressed, fixed, embodied or stored (such as disks, diskettes, tapes and semiconductor chips) and all flow charts, manuals, instructions, documentation and other material relating thereto.

“STA” means the *Securities Transfer Act* (Ontario).

“Trade-marks” means trade-marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers and, in each case, all goodwill associated therewith, all registrations and recordations thereof and all applications in connection therewith, in which the Debtor now or hereafter has rights, including all related and ancillary rights arising under statutory, common or civil law, and (as the context so admits) any item or part thereof.

2. Extended Meanings . To the extent the context so admits, in this General Security Agreement the following words and expressions shall be given the following corresponding extended meanings:

an **“agreement”** – any agreement, oral/written, simple contract, deed or specialty, and includes any bond, bill of exchange, indenture, instrument or undertaking.

an **“authorization”** – any authorization, approval, consent, exemption, licence, permit, franchise, privilege or no-action letter from any governmental authority or from any Person in connection with any easements or contractual rights.

“change” – change, modify, supplement, extend, renew, compromise, novate, replace, terminate, release, discharge, cancel, suspend or waive.

“claim” – claim, claim over, counter-claim, cross-claim, defence, demand or liability (actual or contingent, now existing or arising hereafter), whether arising by agreement or

statute, at law or in equity or otherwise, or any proceeding, judgment or order of any court or other governmental authority or arbitrator.

“dispose” – lease, sell, transfer, licence or otherwise dispose of any property, or the commercial benefits of use or ownership of any property, including the right to profit or gain therefrom, whether in a single transaction or in a series of related transactions (other than the payment of money).

a **“document”** – a written agreement, consent, waiver, certificate, notice or other written document or instrument.

a **“final judgment”** – a judgment, order, declaration or award of a court, other governmental authority, arbitrator or other alternative dispute resolution authority of competent jurisdiction from which no appeal may be made or from which all rights of appeal have expired or been exhausted.

a **“government”** – (i) Crown in right of Canada or in the right of any Province of Canada, (ii) government of a Territory in Canada, (iii) a municipality in Canada or (iv) the government of a foreign country or any political subdivision of it.

a **“governmental authority”** – any court, administrative tribunal, regulatory authority, government, union of nations or any agency or other authority of a government or union of nations.

“include” – include without limitation and such term shall not be construed to limit any word or statement which it follows to the specific items or matters immediately following it or similar terms or matters.

“losses and expenses” – losses, costs, expenses, damages, penalties, awards, orders, claims, claims over, demands and liabilities, including any applicable court costs and legal fees and disbursements on a full indemnity basis.

“obligations” – indebtedness, obligations, promises, covenants, responsibilities, duties and liabilities (actual or contingent, direct or indirect, matured or unmatured, now existing or arising hereafter), whether arising by agreement or statute, at law, in equity or otherwise.

“paid in full” and **“repaid in full”** in relation to any payment obligation owing to any Person (the “creditor”) – permanent, indefeasible and irrevocable payment in cash (or other freely available funds transfer as may be expressly provided for in the applicable document creating or evidencing such payment obligation) to the applicable creditor in full of such payment obligation in accordance with the express provisions of the applicable document creating or evidencing such payment obligation, without regard to any compromise, reduction or disallowance of all or any item or part thereof by virtue of the application of any bankruptcy, insolvency, fraudulent conveyance, assignment, preference or other similar such laws, any law affecting creditors’ rights generally or general principles of equity, and, if applicable, the cancellation or expiry of any commitment of the creditor to lend or otherwise extend credit.

a “**proceeding**” – any proceeding, legal action, lawsuit, arbitration, mediation, alternative dispute resolution proceeding or other proceeding.

a “**receiver**” – a privately appointed or court appointed receiver or receiver and manager, interim receiver, liquidator, trustee-in-bankruptcy, administrator, administrative receiver and any other like or similar official.

“**register**” – register, file or record with an applicable governmental authority.

a “**representative**” – any Person empowered to act for another, including an agent, an officer or other employee of a body corporate or association and a trustee, executor or administrator of an estate.

“**rights**” – rights, titles, benefits, interests, powers to transfer rights, authorities, privileges, immunities and remedies (actual or contingent, direct or indirect, matured or unmatured, now existing or arising hereafter), whether arising by agreement or statute, at law, in equity or otherwise.

“**set-off**” – any right or obligation of set-off, compensation, offset, combination of accounts, netting, retention, withholding, reduction, abatement, deduction, counter-claim or any similar right or obligation, or (as the context requires) any exercise of any such right or performance of such obligation.

“**successor**” of a Person (the “relevant party”) – (i) any amalgamated or other body corporate of which the relevant party or any of its successors is one of the amalgamating or merging body corporates, (ii) any Person resulting from any court approved arrangement of which the relevant party or any of its successors is party, (iii) any Person to whom all or substantially all the assets of the relevant party is transferred, (iv) any body corporate resulting from the continuance of the relevant party or any successor of it under the laws of another jurisdiction of incorporation and (v) any successor (determined as aforesaid or in any similar or comparable procedure under the laws of any other jurisdiction) of any Person referred to in Clause (i), (ii), (iii) or (iv) of this definition. Each reference in this General Security Agreement to any party hereto or any other Person shall (where the context so admits) include its successors.

“**written**” and “**in writing**” – an original writing, a pdf or facsimile copy of a writing or an e-mail.

Exhibit D

EXHIBIT "D"

referred to in the Affidavit of

RAYMOND C. WHITAKER III

Sworn May 19, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

GREEN GROWTH BRANDS INC.

- and -

CAPITAL TRANSFER AGENCY ULC

CONVERTIBLE DEBENTURE INDENTURE

Providing for the Issuance of Secured Convertible Debentures

Dated as of May 17, 2019

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ADDENDA

Schedule “A” PART I - FORM OF GLOBAL DEBENTURE

Schedule “B” Form of Notice of Conversion

DEBENTURE INDENTURE

THIS DEBENTURE INDENTURE is dated as of May 17, 2019.

BETWEEN:

GREEN GROWTH BRANDS INC., a company incorporated pursuant to the laws of the Province of Ontario and includes any successor corporation (hereinafter referred to as the “**Corporation**”)

- and -

CAPITAL TRANSFER AGENCY ULC, a company existing under the laws of Canada and authorized to carry on business in all Provinces of Canada (hereinafter referred to as the “**Debenture Trustee**”)

WHEREAS the Corporation has accepted the subscription for Debentures (as defined herein) from certain subscribers that have executed and delivered subscription agreements (collectively, the “**Subscription Agreements**”), pursuant to which Debentures may be issued, on the terms and conditions described herein and therein;

AND WHEREAS the Corporation is proposing to issue up to US\$50,000,000 in principal amount of Debentures pursuant to the Subscription Agreements and this Indenture (as defined herein);

AND WHEREAS pursuant to this Indenture, each Debenture shall entitle the holder thereof to conversion rights upon the terms and conditions herein set forth;

AND WHEREAS all acts and deeds necessary have been done and performed to make the Debentures, when created and issued as provided in this Indenture, legal, valid and binding upon the Corporation with the benefits and subject to the terms of this Indenture;

AND WHEREAS the foregoing recitals are made as representations and statements of fact by the Corporation and not by the Debenture Trustee;

NOW THEREFORE, in consideration of the premises and mutual covenants hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Corporation hereby appoints the Debenture Trustee as debenture trustee to hold the rights, interests and benefits contained herein for and on behalf of those persons who from time to time become the holders of Debentures issued pursuant to this Indenture and the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

Section 1.1 Definitions.

In this Indenture, including the recitals and schedules hereto, and in all indentures supplemental hereto:

“Applicable Legislation” means any statute of Canada or a province thereof, and the regulations under any such named or other statute, relating to debenture indentures or to the rights, duties and obligations of trustees under debenture indentures, to the extent that such provisions are at the time in force and applicable to this Indenture;

“Authenticated” means (a) with respect to the issuance of a Debenture Certificate, one which has been duly signed by the Corporation and authenticated by manual signature of an authorized officer of the Debenture Trustee, and (b) with respect to the issuance of an Uncertificated Debenture, one in respect of which the Debenture Trustee has completed all Internal Procedures such that the particulars of such Uncertificated Debenture as required by Section 2.7 are entered in the register of holders of Debentures, **“Authenticate”**, **“Authenticating”** and **“Authentication”** have the appropriate correlative meanings;

“Book Entry Only Participants” means institutions that participate directly or indirectly in the Depository’s book entry registration system for the Debentures;

“Book Entry Only Debentures” means Debentures that are to be held only by or on behalf of the Depository;

“Business Day” means any day other than Saturday, Sunday or a statutory or civic holiday, or any other day on which the banks are open for business in the Province of Ontario;

“CDN/US Exchange Rate” means, as of a particular date, the daily average exchange rate for the conversion of one United States dollar into Canadian dollars published by the Bank of Canada;

“CDS Global Debentures” means Debentures representing all or a portion of the aggregate number of Debentures issued in the name of the Depository represented by an Uncertificated Debenture, or if requested by the Depository or the Corporation, by a Debenture Certificate;

“Certificated Debenture” means a Debenture evidenced by a writing or writings substantially in the form of Schedule “A”, attached hereto;

“Change of Control” means (i) the acquisition by any person or group of persons acting jointly or in concert (within the meaning of OSC Rule 62-504) of voting control or direction of more than 50% of the outstanding voting shares of the Corporation, but shall not include a sale, merger, reorganization, arrangement, combination or other similar transaction if the previous holders of voting shares of the Corporation hold at least 50% of the voting control or direction in such merged, reorganized, arranged, combined or other continuing entity immediately following completion of such transaction; and (ii) the sale of all or substantially all of the consolidated assets of the Corporation;

“Change of Control Notice” has the meaning ascribed thereto in Section 3.2(1)(a);

“Change of Control Purchase Date” has the meaning ascribed thereto in Section 3.2(1)(a);

“Change of Control Purchase Offer” has the meaning ascribed thereto in Section 3.2(1)(a);

“Common Shares” means fully paid and non-assessable common shares of the Corporation as presently constituted;

“Confirmation” has the meaning ascribed thereto in Section 3.2(2);

“Conversion Notice” means the conversion notice for the Debentures substantially in the form as set out in Schedule “B” attached hereto;

“Conversion Price” means the dollar amount for which each PV Share may be issued upon the conversion of Debentures in accordance with the provisions of this Indenture, which shall, subject to adjustment as provided for herein, equal C\$3,500.00 divided by the CDN/US Exchange Rate on the Business Day prior to the date of conversion;

“Corporation” means Green Growth Brands Inc., and includes any successor corporation to or of the Corporation which shall have complied with Section 8.2;

“Counsel” means a barrister or solicitor or a firm of barristers and solicitors retained by the Debenture Trustee or retained by the Corporation and acceptable to the Debenture Trustee, which may or may not be counsel for the Corporation or retained by the Debentureholders;

“CSE” means the Canadian Securities Exchange;

“Current Market Price” of the PV Shares at any date means the weighted average of the trading price per Common Share for such Common Shares for each day there was a closing price for the twenty consecutive Trading Days ending five Business Days prior to such date on the CSE or if on such date the Common Shares are not listed on the CSE, on such stock exchange upon which such Common Shares are listed, or, if such Common Shares are not listed on any stock exchange then on such over-the-counter market as may be selected for such purpose by the directors of the Corporation, multiplied by 500;

“Debentures” means the secured convertible debentures created by and authorized by and issuable under this Indenture, bearing interest at a rate of 15.00% per annum payable in arrears on each Interest Payment Date, to be issued and countersigned hereunder in certificated form and/or held through the book entry registration system on a no certificate issued basis, entitling the holder thereof to certain conversion rights as of the Maturity Date or means the Debentures issued and Authenticated hereunder, whether by way of Debenture Certificate or Uncertificated Debenture;

“Debenture Agency” means the principal office of the Debenture Trustee in the city of Toronto or such other place as may be designated in accordance with Section 3.5;

“Debenture Certificate” means a certificate, substantially in the form set forth in Schedule “A” hereto, to evidence those Debentures that will be evidenced by a certificate;

“Debentureholders”, or **“holders”** without reference to Debenture, means the debentureholders as and in respect of Debentures registered in the name of the Depository and includes owners of Debentures who beneficially hold securities entitlements in respect of the Debentures through a Book Entry Only Participant or means, at a particular time, the persons entered in the register hereinafter mentioned as holders of Debentures outstanding at such time;

“Debentureholders’ Request” means an instrument signed in one or more counterparts by Registered Debentureholders holding in the aggregate not less than 50% of the aggregate outstanding principal amount of Debentures then issued and outstanding, requesting the Debenture Trustee to take some action or proceeding specified therein;

“Debenture Trustee” means Capital Transfer Agency ULC, in its capacity as Debenture Trustee of the Debentures, or its successors from time to time;

“Depository” means CDS Clearing and Depository Services Inc. or such other person as is designated in writing by the Corporation to act as depository in respect of the Debentures;

“Dividends” means any dividends paid by the Corporation;

“Encumbrance” means any mortgage, charge, pledge, hypothecation, security interest, assignment by way of security, lien (statutory or otherwise), encumbrance, conditional sale agreement, capital lease, deposit arrangement, title retention agreement, and any other agreement, trust or arrangement that in substance secures payment or performance of an obligation;

“Extraordinary Resolution” has the meaning ascribed thereto in Section 7.11;

“Event of Default” has the meaning ascribed thereto in Section 10.1;

“Indebtedness” means, with respect to a person, without duplication, all obligations of the person for borrowed money, including debentures, notes or similar instruments and other financial instruments and obligations with respect to bankers’ acceptances and contingent reimbursement obligations relating to letters of credit;

“Interest Payment Date” means the dates specified in a Debenture as the dates on which accrued interest on such Debenture shall become due and payable;

“Internal Procedures” means in respect of the making of any one or more entries to, changes in or deletions of any one or more entries in the register at any time (including without limitation, original issuance or registration of transfer of ownership) the minimum number of the Debenture Trustee’s internal procedures customary at such

time for the entry, change or deletion made to be complete under the operating procedures followed at the time by the Debenture Trustee;

"Issue Date" means the date on which any given Debenture is issued pursuant to and in accordance with this Indenture;

"Maturity Account" means an account or accounts required to be established by the Corporation (and which shall be maintained by and subject to the control of the Debenture Trustee) for the Debentures issued pursuant to and in accordance with this Indenture;

"Maturity Date" means the date of maturity for the Debentures, being May 17, 2020;

"Permitted Indebtedness" means (i) any Indebtedness that ranks junior to the Debentures (structurally or by agreement), (ii) up to C\$39,000,000 of Indebtedness in favour of GA Opportunities Corp., (iii) Indebtedness pursuant to the Debentures, (iv) obligations in respect of letters of guarantee or letters of credit to be provided by the Corporation or any subsidiary of the Corporation to a third party in the ordinary course of business or obligations under any corporate credit card or line of credit of the Corporation or any subsidiary of the Corporation, (v) Indebtedness incurred by the Corporation or any subsidiary of the Corporation as part of, or issued or assumed by the Corporation or any subsidiary of the Corporation to pay or provide funds to pay, all or a part of the purchase price of any asset or equity acquired by the Corporation or any subsidiary of the Corporation, and (vi) equipment leasing or equipment financing obligations of the Corporation or any subsidiary of the Corporation incurred in the ordinary course of business;

"person" means an individual, body corporate, partnership, trust, debenture trustee, executor, administrator, legal representative or any unincorporated organization;

"PPSA" means the *Personal Property Security Act* (Ontario);

"PV Shares" means fully paid and non-assessable proportionate voting shares of the Corporation as presently constituted;

"register" means the one set of records and accounts maintained by the Debenture Trustee pursuant to Section 2.8;

"Registered Debentureholders" means the persons who are registered owners of Debentures as such names appear on the register, and for greater certainty, shall include the Depository as well as the holders of Uncertificated Debentures appearing on the register of the Debenture Trustee;

"Rights Offering" has the meaning ascribed thereto in Section 4.1(b);

"Shareholders" means holders of Common Shares or PV Shares;

“Subscription Agreements” means the subscription agreements with the subscribers of Debentures and the Corporation, dated as of the date hereof, pursuant to which Debentures may be issued;

“this Debenture Indenture”, **“this Indenture”**, **“this Agreement”**, **“hereto”** **“herein”**, **“hereby”**, **“hereof”** and similar expressions mean and refer to this indenture and any indenture, deed or instrument supplemental hereto; and the expressions **“Article”**, **“Section”**, **“subsection”** and **“paragraph”** followed by a number, letter or both mean and refer to the specified article, section, subsection or paragraph of this indenture;

“Trading Day” means, with respect to a stock exchange, a day on which such exchange is open for the transaction of business and with respect to the over-the-counter market means a day on which the CSE is open for the transaction of business;

“Uncertificated Debenture” means any Debenture which is not a Certificated Debenture;

“United States” means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

“U.S. Person” has the meaning set forth in Rule 902(k) of Regulation S under the U.S. Securities Act;

“U.S. Securities Act” means the United States Securities Act of 1933, as amended; and

“written order of the Corporation”, **“written request of the Corporation”**, **“written consent of the Corporation”** and **“certificate of the Corporation”** mean, respectively, a written order, request, consent and certificate signed in the name of the Corporation by its President and Chief Executive Officer, or a person acting in any such capacity for the Corporation and may consist of one or more instruments so executed.

Section 1.2 Gender and Number.

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

Section 1.3 Headings, Etc.

The division of this Indenture into Articles and Sections, the provision of a Table of Contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Indenture or of the Debentures.

Section 1.4 Day not a Business Day.

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

Section 1.5 Time of the Essence.

Time shall be of the essence of this Indenture.

Section 1.6 Monetary References.

Whenever any amounts of money are referred to herein, such amounts shall be deemed to be in lawful money of the United States unless otherwise expressed. References herein to “dollars” and “US\$” are to United States dollars and all references to “C\$” are to Canadian dollars.

Section 1.7 Applicable Law.

This Indenture, the Debentures and the Debenture Certificates shall be construed in accordance with the laws of the Province of Ontario and the federal laws applicable therein. Each of the parties hereto, which shall include the Debentureholders, irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Ontario with respect to all matters arising out of this Indenture and the transactions contemplated herein.

ARTICLE 2 ISSUE OF DEBENTURES

Section 2.1 Creation and Issue of Debentures.

Up to US\$50,000,000 in principal amount of Debentures are hereby created and authorized to be issued in accordance with the terms and conditions hereof. By written order of the Corporation, the Debenture Trustee shall deliver Debenture Certificates to Registered Debentureholders and record the name of the Registered Debentureholders on the Debenture register. Registration of interests in Debentures held by the Depository may be evidenced by a position appearing on the register for Debentures of the Debenture Trustee for an amount representing the aggregate number of such Debentures outstanding from time to time. Notwithstanding the above, all Debentures issued in the United States or to, or for the account or benefit of, a U.S. Person or a person within the United States (other than to “Qualified Institutional Buyers”) will be delivered in certificated form.

Section 2.2 Terms of Debentures.

- (1) The Debentures authorized for issue immediately, in the aggregate principal amount of up to US\$50,000,000, shall be designated as “15.00% Secured Convertible Debentures” and shall be dated as of their Issue Date and shall, subject to the terms of this Indenture, mature on the Maturity Date.
- (2) The Debentures shall bear interest from their Issue Date at the rate of 15.00% per annum (based on a year of 365 days), payable in arrears in equal installments on the six month anniversary of the Issue Date and the Maturity Date, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate. For the purposes of the Debenture Trustee and their internal processing, the

record dates for the payment of interest on the Debentures will be the fifth Business Day preceding the applicable Interest Payment Date.

- (3) The Corporation shall have the option, exercisable in its sole discretion, of repaying all or any portion of the then outstanding principal amount of all Debentures in cash at any time. In the event that the Corporation exercises this option, interest on such principal amount being repaid shall be calculated up to but excluding the Maturity Date from, and including, the Issue Date, and such interest, to the extent unpaid, shall be immediately due and payable at the time of repayment. Such repayment shall be made in accordance with the procedures specified in Section 2.14.
- (4) The Debentures will be convertible in accordance with the terms of Article 3, at the holder's option, into fully-paid PV Shares on the Maturity Date, at the Conversion Price. The Conversion Notice for the Debentures shall be substantially in the form of Schedule "B".
- (5) The indebtedness, liabilities and obligations of the Corporation hereunder and under the Debenture Certificates, whether on account of principal, interest or otherwise, but excluding the issuance of PV Shares upon any conversion pursuant to Article 3, shall be subordinated and postponed and subject in right of payment, to the extent and in the manner set forth with respect to any debts or obligations of the Corporation that rank senior to the Debentures.
- (6) The indebtedness, liabilities and obligations of the Corporation hereunder and under the Debenture Certificates to the holder will be a secured obligation of the Corporation. The Debentures will rank equally with one another.

Section 2.3 Debentureholder not a Shareholder.

Except as may be specifically provided herein, nothing in this Indenture or in the holding of a Debenture Certificate, entitlement to a Debenture or otherwise, shall, in itself, confer or be construed as conferring upon a Debentureholder any right or interest whatsoever as a Shareholder of the Corporation, including, but not limited to, the right to vote at, to receive notice of, or to attend, meetings of Shareholders or any other proceedings of the Corporation, or the right to Dividends and other allocations.

Section 2.4 Debentures to Rank Pari Passu.

All Debentures shall rank equally and without preference over each other, whatever may be the actual date of issue thereof.

Section 2.5 Form of Debentures and Certificated Debentures.

The Debentures may be issued in both certificated and uncertificated form. All Debentures issued in certificated form shall be evidenced by the Debenture Certificates (including all replacements issued in accordance with this Indenture), substantially in the form set out in Schedule "A" hereto, which shall be dated as of their Issue Date, shall bear such distinguishing letters and numbers as the Corporation may, with the approval of the Debenture

Trustee, prescribe, and shall be issuable in any denomination excluding fractions. All Debentures issued to the Depository may be in either a certificated or uncertificated form, such uncertificated form being evidenced by a book position on the register of Debentureholders to be maintained by the Debenture Trustee in accordance with Section 2.8.

Section 2.6 Book Entry Only Debentures.

- (1) Reregistration of beneficial interests in and transfers of Debentures held by the Depository shall be made only through the book entry registration system and no Debenture Certificates shall be issued in respect of such Debentures except where physical certificates evidencing ownership in such securities are required or as set out herein or as may be requested by a Depository, as determined by the Corporation, from time to time. Except as provided in this Section 2.6, owners of beneficial interests in any CDS Global Debentures shall not be entitled to have Debentures registered in their names and shall not receive or be entitled to receive Debentures in definitive form or to have their names appear in the register referred to in Section 2.8 herein.
- (2) Notwithstanding any other provision in this Indenture, no CDS Global Debentures may be exchanged in whole or in part for Debentures registered, and no transfer of CDS Global Debentures in whole or in part may be registered, in the name of any person other than the Depository for such CDS Global Debentures or a nominee thereof unless:
 - (a) the Depository notifies the Corporation that it is unwilling or unable to continue to act as depository in connection with the Book Entry Only Debentures and the Corporation is unable to locate a qualified successor;
 - (b) the Corporation determines that the Depository is no longer willing, able or qualified to discharge properly its responsibilities as holder of the CDS Global Debentures and the Corporation is unable to locate a qualified successor;
 - (c) the Depository ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and the Corporation is unable to locate a qualified successor;
 - (d) the Corporation determines that the Debentures shall no longer be held as Book Entry Only Debentures through the Depository;
 - (e) such right is required by Applicable Legislation, as determined by the Corporation and the Corporation's counsel; or
 - (f) the Debenture is to be Authenticated to or for the account or benefit of a person in the United States (other than a "Qualified Institutional Buyer");

following which Debentures for those holders requesting such shall be issued to the beneficial owners of such Debentures or their nominees as directed by the holder. The Corporation shall provide an officer's certificate giving notice to the Debenture Trustee of the occurrence of any event outlined in this Section 2.6(2).

- (3) Subject to the provisions of this Section 2.6, any exchange of CDS Global Debentures for Debentures which are not CDS Global Debentures may be made in whole or in part in accordance with the provisions of Section 2.10, *mutatis mutandis*. All such Debentures issued in exchange for a CDS Global Debenture or any portion thereof shall be registered in such names as the Depository for such CDS Global Debentures shall direct and shall be entitled to the same benefits and subject to the same terms and conditions (except insofar as they relate specifically to CDS Global Debentures) as the CDS Global Debentures or portion thereof surrendered upon such exchange.
- (4) Every Debenture Authenticated upon registration of transfer of a CDS Global Debenture, or in exchange for or in lieu of a CDS Global Debenture or any portion thereof, whether pursuant to this Section 2.6, or otherwise, shall be Authenticated in the form of, and shall be, a CDS Global Debenture, unless such Debenture is registered in the name of a person other than the Depository for such CDS Global Debenture or a nominee thereof.
- (5) Notwithstanding anything to the contrary in this Indenture, subject to Applicable Legislation, the CDS Global Debenture will be issued as an Uncertificated Debenture, unless otherwise requested in writing by the Depository or the Corporation.
- (6) The rights of beneficial owners of Debentures who hold securities entitlements in respect of the Debentures through the book entry registration system shall be limited to those established by applicable law and agreements between the Depository and the Book Entry Only Participants and between such Book Entry Only Participants and the beneficial owners of Debentures who hold securities entitlements in respect of the Debentures through the book entry registration system, and such rights must be exercised through a Book Entry Only Participant in accordance with the rules and procedures of the Depository.
- (7) Notwithstanding anything herein to the contrary, neither the Corporation nor the Debenture Trustee nor any agent thereof shall have any responsibility or liability for:
 - (a) the electronic records maintained by the Depository relating to any ownership interests or any other interests in the Debentures or the depository system maintained by the Depository, or payments made on account of any ownership interest or any other interest of any person in any Debenture represented by an electronic position in the book entry registration system (other than the Depository or its nominee);
 - (b) for maintaining, supervising or reviewing any records of the Depository or any Book Entry Only Participant relating to any such interest; or
 - (c) any advice or representation made or given by the Depository or those contained herein that relate to the rules and regulations of the Depository or any action to be taken by the Depository on its own direction or at the direction of any Book Entry Only Participant.

- (8) The Corporation may terminate the application of this Section 2.6 in its sole discretion in which case all Debentures shall be evidenced by Debenture Certificates registered in the name of a person other than the Depository.

Section 2.7 Debenture Certificate.

- (1) For Debentures issued in certificated form, the form of certificate representing Debentures shall be substantially as set out in Schedule "A" hereto or such other form as is authorized from time to time by the Debenture Trustee. Each Debenture Certificate shall be Authenticated manually on behalf of the Debenture Trustee. Each Debenture Certificate shall be signed by any authorized officer or director of the Corporation, whose signature shall appear on the Debenture Certificate and may be printed, lithographed or otherwise mechanically reproduced thereon and, in such event, certificates so signed are as valid and binding upon the Corporation as if it had been signed manually. Any Debenture Certificate which has two signatures as hereinbefore provided shall be valid notwithstanding that one or more of the persons whose signature is printed, lithographed or mechanically reproduced no longer holds office at the date of issuance of such certificate. The Debenture Certificates may be engraved, printed or lithographed, or partly in one form and partly in another, as the Debenture Trustee may determine.
- (2) Any Debenture Certificate validly issued in accordance with the terms of this Indenture in effect at the time of issue of such Debenture Certificate shall, subject to the terms of this Indenture and applicable law, validly entitle the holder to receive PV Shares, notwithstanding that the form of such Debenture Certificate may not be in the form currently required by this Indenture.
- (3) No Debenture shall be considered issued and shall be valid or obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been Authenticated by the Debenture Trustee. Authentication by the Debenture Trustee shall not be construed as a representation or warranty by the Debenture Trustee as to the validity of this Indenture or of such Debenture Certificates or Uncertificated Debentures (except the due Authentication thereof) or as to the performance by the Corporation of its obligations under this Indenture and the Debenture Trustee shall in no respect be liable or answerable for the use made of the Debentures or any of them or of the consideration thereof. Authentication by the Debenture Trustee shall be conclusive evidence as against the Corporation that the Debentures so Authenticated have been duly issued hereunder and that the holder thereof is entitled to the benefits of this Indenture.
- (4) The Debenture Trustee shall Authenticate Uncertificated Debentures (whether upon original issuance, exchange, registration of transfer, or otherwise) by completing its Internal Procedures and the Corporation shall, and hereby acknowledges that it shall, thereupon be deemed to have duly and validly issued such Uncertificated Debentures under this Indenture. Such Authentication shall be conclusive evidence that such Uncertificated Debenture has been duly issued hereunder and that the holder or holders are entitled to the benefits of this Indenture. The register shall be final and conclusive evidence as to all matters relating to Uncertificated Debentures with respect to which this Indenture requires the Debenture Trustee to maintain records or accounts. In case of

differences between the register at any time and any other time the register at the later time shall be controlling, absent manifest error.

- (5) No Certificated Debenture shall be considered issued and Authenticated or, if Authenticated, shall be obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been Authenticated by manual signature by or on behalf of the Debenture Trustee substantially in the form of the Debenture set out in Schedule "A" hereto. Such Authentication on any such Certificated Debenture shall be conclusive evidence that such Certificated Debenture is duly Authenticated and is valid and a binding obligation of the Corporation and that the holder is entitled to the benefits of this Indenture. The Authentication by the Debenture Trustee on any such Certificated Debenture hereunder shall not be construed as a representation or warranty by the Debenture Trustee as to the validity of this Indenture or of such Debenture or its issuance (except the due Authentication thereof and any other warranties by law) or as to the performance by the Corporation of its obligations under this Indenture and the Debenture Trustee shall in no respect be liable or answerable for the use made of the Debentures or any of them or the proceeds thereof.
- (6) No Uncertificated Debenture shall be considered issued and shall be obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been Authenticated by entry on the register of the particulars of the Uncertificated Debenture. Such entry on the register of the particulars of an Uncertificated Debenture shall be conclusive evidence that such Uncertificated Debenture is a valid and binding obligation of the Corporation and that the holder is entitled to the benefits of this Indenture. Authenticating by way of entry on the register shall not be construed as a representation or warranty by the Debenture Trustee as to the validity of this Indenture or of such Debentures (except the due Authentication thereof) or as to the performance by the Corporation of its obligations under this Indenture and the Debenture Trustee shall in no respect be liable or answerable for the use made of the Uncertificated Debentures or any of them or the proceeds thereof.

Section 2.8 Register of Debentures.

- (1) The Debenture Trustee shall maintain records and accounts concerning the Debentures, whether certificated and uncertificated, which shall contain the information called for below with respect to each Debenture, together with such other information as may be required by law or as the Debenture Trustee may elect to record. All such information shall be kept in one set of accounts and records which the Debenture Trustee shall designate (in such manner as shall permit it to be so identified as such by an unaffiliated party) as the register of the holders of Debentures. The information to be entered for each account in the register of Debentures at any time shall include (without limitation):
 - (a) the name and address of the holder of the Debentures, the date of Authentication thereof and the number of Debentures;
 - (b) whether such Debenture is a Certificated Debenture or an Uncertificated Debenture and, if a Debenture Certificate, the unique number or code assigned to

and imprinted thereupon and, if an Uncertificated Debenture, the unique number or code assigned thereto if any;

- (c) whether such Debenture has been cancelled; and
 - (d) a register of transfers in which all transfers of Debentures and the date and other particulars of each transfer shall be entered.
- (2) The register shall be available for inspection by the Corporation and or any Debentureholder during the Debenture Trustee's regular business hours on a Business Day and upon payment to the Debenture Trustee of its reasonable fees. Any Debentureholder exercising such right of inspection shall first provide an affidavit in form satisfactory to the Corporation and the Debenture Trustee stating the name and address of the Debentureholder and agreeing not to use the information therein except in connection with an effort to call a meeting of Debentureholders or to influence the voting of Debentureholders at any meeting of Debentureholders.
- (3) Once an Uncertificated Debenture has been Authenticated, the information set forth in the register with respect thereto at the time of Authentication may be altered, modified, amended, supplemented or otherwise changed only to reflect conversion or proper instructions to the Debenture Trustee from the holder as provided herein, except that the Debenture Trustee may act unilaterally to make purely administrative changes internal to the Debenture Trustee and changes to correct errors. Each person who becomes a holder of an Uncertificated Debenture, by his, her or its acquisition thereof shall be deemed to have irrevocably (i) consented to the foregoing authority of the Debenture Trustee to make such error corrections and (ii) agreed to pay to the Debenture Trustee, promptly upon written demand, the full amount of all loss and expense (including without limitation reasonable legal fees of the Corporation and the Debenture Trustee) plus interest, at an appropriate then prevailing rate of interest to the Debenture Trustee, sustained by the Corporation or the Debenture Trustee as a proximate result of such error if but only if and only to the extent that such present or former holder realized any benefit as a result of such error and could reasonably have prevented, forestalled or minimized such loss and expense by prompt reporting of the error or avoidance of accepting benefits thereof whether or not such error is or should have been timely detected and corrected by the Debenture Trustee; provided, that no person who is a bona fide purchaser shall have any such obligation to the Corporation or to the Debenture Trustee.

Section 2.9 Issue in Substitution for Debenture Certificates Lost, etc.

- (1) If any Debenture Certificate becomes mutilated or is lost, destroyed or stolen, the Corporation, subject to applicable law, shall issue and thereupon the Debenture Trustee shall certify and deliver, a new Debenture Certificate of like tenor, and bearing the same legend, if applicable, as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated Debenture Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Debenture Certificate, and the substituted Debenture Certificate shall be in a form approved by the Debenture Trustee and the Debentures evidenced thereby shall be entitled to the benefits hereof and shall

rank equally in accordance with its terms with all other Debentures issued or to be issued hereunder.

- (2) The applicant for the issue of a new Debenture Certificate pursuant to this Section 2.9 shall bear the cost of the issue thereof and in case of loss, destruction or theft shall, as a condition precedent to the issuance thereof, furnish to the Corporation and to the Debenture Trustee such evidence of ownership and of the loss, destruction or theft of the Debenture Certificate so lost, destroyed or stolen as shall be satisfactory to the Corporation and to the Debenture Trustee, each in their sole discretion, and such applicant shall also be required to furnish an indemnity and surety bond in amount and form satisfactory to the Corporation and the Debenture Trustee, in their sole discretion, and shall pay the reasonable charges of the Corporation and the Debenture Trustee in connection therewith.

Section 2.10 Exchange of Debenture Certificates.

- (1) Any one or more Debenture Certificates representing any number of Debentures may, upon compliance with the reasonable requirements of the Debenture Trustee (including compliance with applicable securities legislation), be exchanged for one or more other Debenture Certificates representing the same aggregate number of Debentures, and bearing the same legend, if applicable, as represented by the Debenture Certificate or Debenture Certificates so exchanged.
- (2) Debenture Certificates may be exchanged only at the Debenture Agency or at any other place that is designated by the Corporation with the approval of the Debenture Trustee. Any Debenture Certificate from the holder (or such other instructions, in form satisfactory to the Debenture Trustee), tendered for exchange shall be cancelled and surrendered by the Debenture Agency to the Debenture Trustee.

Section 2.11 Transfer and Ownership of Debentures.

- (1) The Debentures may only be transferred on the register kept by the Debenture Trustee at the Debenture Agency by the holder or its legal representatives or its attorney duly appointed by an instrument in writing in form and execution satisfactory to the Debenture Trustee only upon (a) in the case of a Debenture Certificate, surrendering to the Debenture Trustee at the Debenture Agency the Debenture Certificates representing the Debentures to be transferred together with a duly executed transfer form as set forth in Schedule "A", (b) in the case of Book Entry Only Debentures, in accordance with procedures prescribed by the Depository under the book entry registration system, (c) in the case of Uncertificated Debentures, surrendering to the Debenture Trustee at the Debenture Agency, such other instructions, in form satisfactory to the Debenture Trustee, and (d) upon compliance with:
 - (a) the conditions herein;
 - (b) such reasonable requirements as the Debenture Trustee may prescribe; and
 - (c) all applicable securities legislation and requirements of regulatory authorities;

and such transfer shall be duly noted in such register by the Debenture Trustee. Upon compliance with such requirements, the Debenture Trustee shall issue to the transferee of a Certificated Debenture, a Debenture Certificate, and to the transferee of an Uncertificated Debenture, an Uncertificated Debenture (or it shall Authenticate and deliver a Certificated Debenture instead, upon request), representing the Debentures transferred and the transferee of a Book Entry Only Debenture shall be recorded through the relevant Book Entry Only Participant in accordance with the book entry registration system as the entitlement holder in respect of such Debentures.

- (2) Subject to the provisions of this Indenture and applicable law, the Debentureholder shall be entitled to the rights and privileges attaching to the Debentures, and the issue of PV Shares by the Corporation upon the conversion of Debentures in accordance with the terms and conditions herein contained which shall discharge all responsibilities of the Corporation and the Debenture Trustee with respect to such Debentures and none of the Corporation or the Debenture Trustee shall be bound to inquire into the title of any such holder.

Section 2.12 Cancellation of Surrendered Debentures.

All Debenture Certificates surrendered pursuant to Section 2.10(1), Section 2.11(1) or Article 3 shall be cancelled by the Debenture Trustee and upon such circumstances all such Debenture Certificates shall be deemed cancelled and so noted on the register by the Debenture Trustee. Upon request by the Corporation, the Debenture Trustee shall furnish to the Corporation a cancellation certificate identifying the Debenture Certificates so cancelled, the number of Debentures evidenced thereby, the number of PV Shares, if any, issued pursuant to the conversion of such Debentures and the details of any Debenture Certificates issued in substitution or exchange for such Debenture Certificates cancelled.

Section 2.13 Concerning Interest.

- (1) All Debentures issued hereunder, whether originally or upon exchange or in substitution for previously issued Debentures which are interest bearing, shall bear interest at a rate of 15.00% per annum calculated from and including their Issue Date.
- (2) Unless otherwise specifically provided in the terms of the Debentures, interest shall be computed on the basis of a year of 365 days. With respect to the Debentures, whenever interest is computed on the basis of a year (the "deemed year") which contains more days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

Section 2.14 Payments of Amounts Due on Maturity.

- (1) Except as may otherwise be provided herein, including Section 2.14(2) or in any supplemental indenture in respect of the Debentures, payments of amounts due upon maturity of the Debentures will be made in the following manner. The Corporation will establish and maintain with the Debenture Trustee a Maturity Account for the

Debentures. Each such Maturity Account shall be maintained by and be subject to the control of the Debenture Trustee for the purposes of this Indenture. On or before 1:00 p.m. (Toronto time) on the Maturity Date for Debentures outstanding under this Indenture, the Corporation will deliver to the Debenture Trustee a certified cheque or wire transfer for deposit in the applicable Maturity Account in an amount sufficient to pay the cash amount payable in respect of such Debentures (including the principal amount together with any accrued and unpaid interest thereon less any tax required by law to be deducted), provided the Corporation may elect to satisfy this requirement by providing the Debenture Trustee with a cheque or wire transfer for such amounts required under this Section 2.14 post-dated to the Maturity Date. The Debenture Trustee, on behalf of the Corporation, will pay to each holder entitled to receive payment the principal amount of and accrued and unpaid interest on the Debenture, upon surrender of the Debenture at any branch of the Debenture Trustee designated for such purpose from time to time by the Corporation and the Debenture Trustee. The delivery of such funds to the Debenture Trustee for deposit to the applicable Maturity Account will satisfy and discharge the liability of the Corporation for the Debentures to which the delivery of funds relates to the extent of the amount delivered (plus the amount of any tax deducted as aforesaid) and such Debentures will thereafter to that extent not be considered as outstanding under this Indenture and such holder will have no other right in regard thereto other than to receive out of the money so delivered or made available the amount to which it is entitled.

- (2) Notwithstanding the procedure outlined in Section 2.14(1) above, Debentureholders shall, subject to applicable regulatory approval, be entitled to elect to convert the principal amount of the Debentures held, directly or indirectly, by them to PV Shares at the Conversion Price on the Maturity Date in accordance with Article 3 hereof, and such conversion shall satisfy the obligation of the Corporation to repay the principal amount of such Debentures on the Maturity Date. For the avoidance of doubt, the Corporation shall satisfy its obligations to pay any accrued and unpaid interest on the Debentures (less any tax required by law to be deducted) in cash in accordance with Section 2.14(1).

ARTICLE 3

CONVERSION OF DEBENTURES

Section 3.1 Debenture Conversion.

- (1) The holder of each Debenture shall have the right at such holder's option, prior to the close of business on the Maturity Date, but effective as of the Maturity Date, to convert any part, being US\$1,000 or an integral multiple thereof, of the principal amount of a Debenture into fully-paid PV Shares at the Conversion Price.
- (2) Except as provided below, no adjustment in the number of PV Shares to be issued upon conversion will be made for dividends or distributions on PV Shares issuable upon conversion, the record date for the payment of which precedes the date upon which the holder becomes a holder of PV Shares in accordance with Section 3.1, or for interest accrued on Debentures surrendered. No fractional PV Shares will be issued, and holders will receive a cash payment in satisfaction of any fractional interest. The Conversion Price applicable to, and the PV Shares, securities or other property receivable on the

conversion of, the Debentures is subject to adjustment pursuant to the provisions of Article 4.

- (3) Holders converting their Debentures will receive, in addition to the applicable number of PV Shares, accrued and unpaid interest (less any taxes required to be deducted) in respect of the Debentures surrendered for conversion up to but excluding the Maturity Date from, and including, their Issue Date. For clarity, payment of such interest shall be paid in cash on the Maturity Date in accordance with Section 2.14.
- (4) For the purposes of this Article 3, a Debenture surrendered for conversion shall be deemed to be surrendered on the Maturity Date, provided that the register of the Debenture Trustee is open and in accordance with the provisions of this Indenture or, in the case of a CDS Global Debenture, which the Debenture Trustee received notice of and all necessary documentation in respect of the conversion; provided that if a Debenture is surrendered for conversion on a day on which the register of PV Shares are closed, the person or persons entitled to receive PV Shares shall become the holder or holders of record of such PV Shares as at the date on which such registers are next reopened.
- (5) The Conversion Price will not be adjusted for accrued interest.
- (6) A Debenture in respect of which a holder has accepted a notice in respect of a Change of Control Purchase Offer pursuant to the provisions of Section 3.2 may be surrendered for conversion on the Maturity Date only if such notice is withdrawn in accordance with this Indenture.

Section 3.2 Change of Control.

- (1) Within 30 days following the occurrence of a Change of Control, and subject to the provisions and conditions of this Section 3.2, the Corporation shall, at the option of each Debentureholder, be obligated to offer to purchase all of the Debentures then outstanding or convert, into PV Shares, all of the Debentures then outstanding. The terms and conditions of such obligation are set forth below:
 - (a) Within 30 days following the occurrence of a Change of Control, the Corporation shall deliver to the Debenture Trustee, and the Debenture Trustee shall promptly deliver to the holders of the Debentures, a notice stating that there has been a Change of Control and specifying the date on which such Change of Control occurred and the circumstances or events giving rise to such Change of Control (a "**Change of Control Notice**") together with an offer in writing to, at the option of the Debentureholder, purchase (the "**Change of Control Purchase Offer**"), on the Change of Control Purchase Date (as defined below), all of the Debentures then outstanding from the holders thereof made in accordance with the requirements of Applicable Legislation at a cash price per Debenture equal to the principal amount thereof plus accrued and unpaid interest on such Debentures up to, but excluding, the Change of Control Purchase Date. The "**Change of Control Purchase Date**" shall be the date that is 30 Business Days after the date that the Change of Control Notice and

Change of Control Purchase Offer are delivered or mailed to holders of Debentures.

- (2) A beneficial holder of Uncertificated Debentures evidenced by a security entitlement in respect of Debentures in the book entry registration system who desires to convert his or her Debentures must do so by causing a Book Entry Only Participant to deliver to the Depository on behalf of the entitlement holder, notice of the owner's intention to convert Debentures in a manner acceptable to the Depository. Forthwith upon receipt by the Depository of such notice, the Depository shall deliver to the Debenture Trustee confirmation of its intention to convert Debentures ("**Confirmation**") in a manner acceptable to the Debenture Trustee, including by electronic means through the book entry registration system.
- (3) A notice in form acceptable to the Book Entry Only Participant should be provided to the Book Entry Only Participant sufficiently in advance so as to permit the Book Entry Only Participant to deliver notice and payment to the Depository and for the Depository in turn to deliver notice and payment to the Debenture Trustee prior to the Maturity Date. The Depository will initiate the conversion by way of the Confirmation and the Debenture Trustee will execute the conversion by issuing to the Depository through the book entry registration system or as a physical certificate the PV Shares to which the exercising Debentureholder is entitled pursuant to the conversion. Any expense associated with the conversion process will be for the account of the entitlement holder converting the Debenture and the Book Entry Only Participant exercising the Debenture on its behalf.
- (4) By causing a Book Entry Only Participant to deliver notice to the Depository, a Debentureholder shall be deemed to have irrevocably surrendered his or her Debentures so converted and appointed such Book Entry Only Participant to act as his or her exclusive settlement agent with respect to the conversion and the receipt of PV Shares in connection with the obligations arising from such conversion.
- (5) Any notice which the Depository determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the conversion to which it relates shall be considered for all purposes not to have been converted thereby. A failure by a Book Entry Only Participant to convert or to give effect to the settlement thereof in accordance with the Debentureholder's instructions will not give rise to any obligations or liability on the part of the Corporation or Debenture Trustee to the Book Entry Only Participant or the Debentureholder.
- (6) Any Conversion Notice referred to in this Section 3.2 shall be signed by the Registered Debentureholder, or its executors or administrators or other legal representatives or an attorney of the Registered Debentureholder, duly appointed by an instrument in writing satisfactory to the Debenture Trustee but such conversion form need not be executed by the Depository.
- (7) Any conversion referred to in this Section 3.2 shall require that the original Conversion Notice executed by the Registered Debentureholder or the Confirmation from the Depository must be received by the Debenture Trustee prior to the Maturity Date.

- (8) Notwithstanding the foregoing in this Section 3.2, a Debenture may only be converted pursuant to this Section 3.2 by or on behalf of a Registered Debentureholder, except the Depository or Debentureholder, as applicable, who makes the certifications set forth on the Conversion Notice set out in Schedule "B".
- (9) If the form of Conversion Notice set forth in the Debenture Certificate shall have been amended, the Corporation shall cause the amended Conversion Notice to be forwarded to all Registered Debentureholders.
- (10) Conversion Notices and Confirmations must be delivered to the Debenture Trustee at any time during the Debenture Trustee's actual business hours on any Business Day prior to the Maturity Date. Any Conversion Notice or Confirmations received by the Debenture Trustee after business hours on any Business Day other than the Maturity Date will be deemed to have been received by the Debenture Trustee on the next following Business Day.
- (11) Any Debenture with respect to which a Conversion Notice or a Confirmation is not received by the Debenture Trustee before the Maturity Date shall be deemed to have expired and become void and all rights with respect to such Debentures shall terminate and be cancelled.

Section 3.3 Conversion by U.S. Persons.

- (1) The Debentures issuable pursuant to this Indenture and the PV Shares issuable on the conversion thereof have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States.
- (2) Each Debenture Certificate originally issued in the United States or to, or for the account or benefit of, a person in the United States or a U.S. Person (other than "Qualified Institutional Buyers"), and all certificates representing PV Shares issued on the conversion thereof, and all certificates issued in exchange or in substitution thereof or upon transfer thereof, shall bear the following legend:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF GREEN GROWTH BRANDS INC. (THE "CORPORATION"), THAT THESE SECURITIES 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 UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE CANADIAN LOCAL LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH (1) RULE 144A UNDER THE U.S. SECURITIES ACT, IF APPLICABLE, OR (2) RULE 144 UNDER THE U.S. SECURITIES ACT, IF APPLICABLE, 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)(2) OR (D) ABOVE, A LEGAL OPINION SATISFACTORY TO THE CORPORATION MUST FIRST BE PROVIDED. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."

No transfer of Debentures evidenced by a Debenture Certificate bearing the legend set forth in Section 3.3(2) above shall be made except in accordance with the requirements of such legend and subject to this Indenture.

Section 3.4 Transfer Fees and Taxes.

If any PV Shares are to be issued to a person or persons other than the Registered Debentureholder, the Registered Debentureholder shall execute the form of transfer and will comply with such reasonable requirements as the Debenture Trustee may stipulate and will pay to the Corporation or the Debenture Trustee on behalf of the Corporation, all applicable transfer or similar taxes and the Corporation will not be required to issue or deliver certificates evidencing PV Shares unless or until such Debentureholder shall have paid to the Corporation or the Debenture Trustee on behalf of the Corporation, the amount of such tax or shall have established to the satisfaction of the Corporation and the Debenture Trustee that such tax has been paid or that no tax is due.

Section 3.5 Debenture Agency.

To facilitate the exchange, transfer or conversion of Debentures and compliance with such other terms and conditions hereof as may be required, the Corporation has appointed the Debenture Agency, as the agency at which Debentures may be surrendered for exchange or transfer or at which Debentures may be converted and the Debenture Trustee has accepted such appointment. The Corporation may from time to time designate alternate or additional places as the Debenture Agency (subject to the Debenture Trustee's prior approval) and will give notice to the Debenture Trustee of any proposed change of the Debenture Agency. Branch registers shall also be kept at such other place or places, if any, as the Corporation, with the approval of the Debenture Trustee, may designate. The Debenture Trustee will from time to time when requested to do so by the Corporation or any Registered Debentureholder, upon payment of the Debenture Trustee's reasonable charges, furnish a list of the names and addresses of Registered Debentureholders showing the number of Debentures held by each such Registered Debentureholder.

Section 3.6 Securities Restrictions.

Notwithstanding anything herein contained, PV Shares will be issued upon conversion of a Debenture only in compliance with the securities laws of any applicable jurisdiction and, without limiting the generality of the foregoing, the Corporation will legend the certificates representing the PV Shares if, in the opinion of Counsel, such legend is necessary in order to comply with the securities law of any applicable jurisdiction or the rules of any applicable stock exchange. Notwithstanding any other provisions of this Indenture, in processing and registering transfers of Debentures, and in processing conversions of Debentures, no duty or responsibility whatsoever shall rest upon the Debenture Trustee to determine the compliance by any transferor or transferee or by a holder converting Debentures with the terms of any

legend affixed on the Debenture certificates, or with the relevant securities laws or regulations, including, without limitation, Regulation S under the U.S. Securities Act, and the Debenture Trustee shall be entitled to assume that all transfers and conversions of Debentures are legal and proper.

ARTICLE 4

ADJUSTMENT OF NUMBER OF PV SHARES AND CONVERSION PRICE

Section 4.1 Adjustment of Number of PV Shares and Conversion Price.

The conversion rights in effect under the Debentures for PV Shares issuable upon the conversion of the Debentures shall be subject to adjustment from time to time as follows:

- (a) if, at any time prior to the Maturity Date, the Corporation shall:
 - (i) subdivide, re-divide or change its outstanding PV Shares into a greater number of PV Shares;
 - (ii) reduce, combine or consolidate its outstanding PV Shares into a smaller number of PV Shares; or
 - (iii) issue PV Shares or securities exchangeable for, or convertible into, PV Shares to all or substantially all of the holders of PV Shares by way of distribution (other than a distribution of PV Shares upon the conversion of Debentures);

the Conversion Price in effect on the effective date of such subdivision, re-division, change, reduction, combination, consolidation or on the record date of such distribution, as the case may be, shall in the case of the events referred to in (i) or (iii) above be decreased in proportion to the number of outstanding PV Shares resulting from such subdivision, re-division, change or distribution, or shall, in the case of the events referred to in (ii) above, be increased in proportion to the number of outstanding PV Shares resulting from such reduction, combination or consolidation. Such adjustment shall be made successively whenever any event referred to in this Section 4.1(a) shall occur. Upon any adjustment of the Conversion Price pursuant to Section 4.1(a), the Conversion Price shall be contemporaneously adjusted by multiplying the number of PV Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the Conversion Price in effect immediately prior to such adjustment and the denominator shall be the Conversion Price resulting from such adjustment;

- (b) if and whenever at any time prior to the Maturity Date, the Corporation shall fix a record date for the issuance of rights, options or warrants to all or substantially all the holders of its outstanding PV Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase PV Shares (or securities convertible or exchangeable into PV Shares) at a price per PV Share (or having a conversion or exchange price per PV Share) less than 95% of the Current Market Price on such record date (a “**Rights Offering**”), the Conversion Price shall be adjusted immediately after such record date so that it

shall equal the amount determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of PV Shares outstanding on such record date plus a number of PV Shares equal to the number arrived at by dividing the aggregate price of the total number of additional PV Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered) by such Current Market Price, and of which the denominator shall be the total number of PV Shares outstanding on such record date plus the total number of additional PV Shares offered for subscription or purchase or into which the convertible or exchangeable securities so offered are convertible or exchangeable; any PV Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such computation; such adjustment shall be made successively whenever such a record date is fixed; to the extent that no such rights or warrants are exercised prior to the expiration thereof, the Conversion Price shall be readjusted to the Conversion Price which would then be in effect if such record date had not been fixed or, if any such rights or warrants are exercised, to the Conversion Price which would then be in effect based upon the number of PV Shares (or securities convertible or exchangeable into PV Shares) actually issued upon the exercise of such rights or warrants, as the case may be. Upon any adjustment of the Conversion Price pursuant to this Section 4.1(b), the Conversion Price will be adjusted immediately after such record date so that it will equal the rate determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator shall be the Conversion Price in effect immediately prior to such adjustment and the denominator shall be the Conversion Price resulting from such adjustment. Such adjustment will be made successively whenever such a record date is fixed, provided that if two or more such record dates or record dates referred to in this Section 4.1(b) are fixed within a period of 25 Trading Days, such adjustment will be made successively as if each of such record dates occurred on the earliest of such record dates;

- (c) if and whenever at any time prior to the Maturity Date the Corporation shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding PV Shares of (i) securities of any class, whether of the Corporation or any other entity (other than PV Shares), (ii) rights, options or warrants to subscribe for or purchase PV Shares (or other securities convertible into or exchangeable for PV Shares), other than pursuant to a Rights Offering; (iii) evidences of its indebtedness or (iv) any property or other assets then, in each such case, the Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of PV Shares outstanding on such record date multiplied by the Current Market Price on such record date, less the excess, if any, of the fair market value on such record date, as determined by the Corporation (whose determination shall be conclusive), of such securities or other assets so issued or distributed over the fair market value of any consideration received therefor by the Corporation from the holders of the PV

Shares, and of which the denominator shall be the total number of PV Shares outstanding on such record date multiplied by such Current Market Price; and PV Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such computation; such adjustment shall be made successively whenever such a record date is fixed; to the extent that such distribution is not so made, the Conversion Price shall be readjusted to the Conversion Price which would then be in effect if such record date had not been fixed. Upon any adjustment of the Conversion Price pursuant to this Section 4.1(c), the Conversion Price will be adjusted immediately after such record date so that it will equal the rate determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator shall be the Conversion Price in effect immediately prior to such adjustment and the denominator shall be the Conversion Price resulting from such adjustment;

- (d) if and whenever at any time prior to the Maturity Date, there is a reclassification of the PV Shares or a capital reorganization of the Corporation other than as described in Section 4.1(a) or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other body corporate, trust, partnership or other entity, or a sale or conveyance of the property and assets of the Corporation as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity, any Registered Debentureholder who has not exercised its right of acquisition prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, arrangement or merger, sale or conveyance, upon the exercise of such right thereafter, shall be entitled to receive and shall accept, in lieu of the number of PV Shares that prior to such effective date the Registered Debentureholder would have been entitled to receive, the number of shares or other securities or property of the Corporation or of the body corporate, trust, partnership or other entity resulting from such merger, amalgamation or consolidation, or to which such sale or conveyance may be made, as the case may be, that such Registered Debentureholder would have been entitled to receive on such reclassification, capital reorganization, consolidation, amalgamation, arrangement or merger, sale or conveyance, if, on the effective date thereof, as the case may be, the Registered Debentureholder had been the registered holder of the number of PV Shares to which prior to such effective date it was entitled to acquire upon the conversion of the Debentures. If determined appropriate by the Debenture Trustee, relying on advice of Counsel, to give effect to or to evidence the provisions of this Section 4.1(d), the Corporation, its successor, or such purchasing body corporate, partnership, trust or other entity, as the case may be, shall, prior to or contemporaneously with any such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance, enter into an indenture which shall provide, to the extent possible, for the application of the provisions set forth in this Indenture with respect to the rights and interests thereafter of the Registered Debentureholders to the end that the provisions set forth in this Indenture shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any shares,

other securities or property to which a Registered Debentureholder is entitled on the exercise of its acquisition rights thereafter. Any indenture entered into between the Corporation and the Debenture Trustee pursuant to the provisions of this Section 4.1(d) shall be a supplemental indenture entered into pursuant to the provisions of Article 8 hereof. Any indenture entered into between the Corporation, any successor to the Corporation or such purchasing body corporate, partnership, trust or other entity and the Debenture Trustee shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 4.1(d) and which shall apply to successive reclassifications, capital reorganizations, amalgamations, consolidations, mergers, sales or conveyances;

- (e) in any case in which this Section 4.1(e) shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the Registered Debentureholder of any Debenture converted after such event the additional PV Shares issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to such Registered Debentureholder an appropriate instrument evidencing such Registered Debentureholder's right to receive such additional PV Shares upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional PV Shares declared in favour of holders of record of PV Shares on and after the relevant date of conversion or such later date as such Registered Debentureholder would, but for the provisions of this Section 4.1(e), have become the holder of record of such additional PV Shares pursuant to Section 4.1;
- (f) in any case in which Section 4.1(a)(iii), Section 4.1(b) or Section 4.1(c) require that an adjustment be made to the Conversion Price, no such adjustment shall be made if the Registered Debentureholders of the outstanding Debentures receive, subject to the approval of the CSE if required, the rights or warrants referred to in Section 4.1(a)(iii), Section 4.1(b) or the shares, rights, options, warrants, evidences of indebtedness or assets referred to in Section 4.1(c), as the case may be, in such kind and number as they would have received if they had been holders of PV Shares on the applicable record date or effective date, as the case may be, by virtue of their outstanding Debenture having then been converted into PV Shares at the Conversion Price in effect on the applicable record date or effective date, as the case may be;
- (g) the adjustments provided for in this Section 4.1 are cumulative, and shall, in the case of adjustments to the Conversion Price be computed to the nearest whole cent and shall apply to successive subdivisions, re-divisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section 4.1, provided that, notwithstanding any other provision of this Section 4.1, no adjustment of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect;

provided, however, that any adjustments which by reason of this Section 4.1(g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment; and

- (h) after any adjustment pursuant to this Section 4.1, the term “**PV Shares**” where used in this Indenture 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 4.1, the Registered Debentureholder is entitled to receive upon the conversion of his Debenture, and the number of PV Shares indicated by any conversion made pursuant to a Debenture shall be interpreted to mean the number of PV Shares or other property or securities a Registered Debentureholder is entitled to receive, as a result of such adjustment and all prior adjustments pursuant to this Section 4.1, upon the full or partial conversion of a Debenture.
- (i) Without duplication of any rights, privileges or restrictions provided to holders of PV Shares, whether as part of the rights, privileges and restrictions attaching to the PV Shares in the Corporation’s articles or otherwise, in the event that the Common Shares are subject to an event of the nature described in this Article 4 a corresponding adjustment shall be made to the PV Shares and the Conversion Price on the basis of 500 Common Shares for each PV Share.

Section 4.2 Entitlement to PV Shares on Conversion of Debentures.

All PV Shares or shares of any class or other securities, which a Registered Debentureholder is at the time in question entitled to receive on the conversion of its Debenture, whether or not as a result of adjustments made pursuant to this Article 4, shall, for the purposes of the interpretation of this Indenture, be deemed to be PV Shares which such Registered Debentureholder is entitled to acquire pursuant to such Debenture.

Section 4.3 No Adjustment for Certain Transactions.

Notwithstanding anything in this Article 4, no adjustment shall be made in the acquisition rights attached to the Debentures if the issue of PV Shares (or Common Shares) is being made pursuant to this Indenture or in connection with (a) any share incentive plan or restricted share plan or share purchase plan in force from time to time for directors, officers, employees, consultants or other service providers of the Corporation; or (b) the satisfaction of existing instruments issued at the date hereof.

Section 4.4 Determination by Auditors.

In the event of any question arising with respect to the adjustments provided for in this Article 4 such question shall be conclusively determined by an independent firm of chartered accountants other than the auditors of the Corporation, who shall have access to all necessary records of the Corporation, and such determination shall be binding upon the Corporation, the Debenture Trustee, all holders and all other persons interested therein.

Section 4.5 Proceedings Prior to any Action Requiring Adjustment.

As a condition precedent to the taking of any action which would require an adjustment in any of the acquisition rights pursuant to any of the Debentures, including the number of PV Shares which are to be received upon the conversion thereof, the Corporation shall take any action which may, in the opinion of Counsel, be necessary in order that the Corporation has unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the PV Shares which the holders of such Debentures are entitled to receive on the conversion thereof in accordance with the provisions hereof.

Section 4.6 Certificate of Adjustment.

The Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in this Article 4, deliver a certificate of the Corporation to the Debenture Trustee specifying the nature of the event requiring the same and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate shall be supported by a certificate of the Corporation's auditors verifying such calculation. The Debenture Trustee shall rely, and shall be protected in so doing, upon the certificate of the Corporation or of the Corporation's auditor and any other document filed by the Corporation pursuant to this Article 4 for all purposes.

Section 4.7 Notice of Special Matters.

The Corporation covenants with the Debenture Trustee that, so long as any Debentures remain outstanding, it will give notice to the Debenture Trustee and to the Registered Debentureholders of its intention to fix a record date that is prior to the Maturity Date for any matter for which an adjustment may be required pursuant to Section 4.1. Such notice shall specify the particulars of such event and the record date for such event, provided that the Corporation shall only be required to specify in the notice such particulars of the event as shall have been fixed and determined on the date on which the notice is given. The notice shall be given in each case not less than 14 days prior to such applicable record date. If notice has been given and the adjustment is not then determinable, the Corporation shall promptly, after the adjustment is determinable, file with the Debenture Trustee a computation of the adjustment and give notice to the Registered Debentureholders of such adjustment computation.

Section 4.8 Protection of Debenture Trustee.

The Debenture Trustee shall not:

- (a) at any time be under any duty or responsibility to any Registered Debentureholder to determine whether any facts exist which may require any adjustment contemplated by Section 4.1, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;
- (b) be accountable with respect to the validity or value (or the kind or amount) of any PV Shares or of any other securities or property which may at any time be

issued or delivered upon the exercise of the rights attaching to any Debenture;
and

- (c) incur any liability or be in any way responsible for the consequences of any breach on the part of the Corporation of any of the representations, warranties or covenants herein contained or of any acts of the directors, officers, employees, agents or servants of the Corporation.

Section 4.9 Other Adjustments.

If the Corporation after the date hereof shall take any action affecting the PV Shares (or Common Shares), other than an action described in this Article 4 which, in the opinion of the directors of the Corporation, would have a material adverse effect on the rights of Registered Debentureholders, or the Conversion Price, there shall be an adjustment in such manner, if any, and at such time, by action of the directors, acting reasonably and in good faith, as they may reasonably determine to be equitable to the Registered Debentureholders in such circumstances, provided that no such adjustment will be made unless prior approval of any stock exchange on which the PV Shares are listed for trading, if any, has been obtained.

Section 4.10 Participation by Debentureholder.

No adjustments shall be made pursuant to this Article 4 if the Registered Debentureholders are entitled to participate in any event described in this Article 4 on the same terms, mutatis mutandis, as if the Registered Debentureholders had converted their Debentures prior to, or on the effective date or record date of, such event.

ARTICLE 5 SECURITY FOR DEBENTURES

Section 5.1 Grant of Security Interest.

Within 30 days following the date hereof, the Corporation shall enter into a general security agreement, in form and substance satisfactory to the Corporation acting reasonably (the “**Security Agreement**”), granting the Debenture Trustee, on behalf of the Debenture Trustee and the Debentureholders, a general and continuing security interest, lien, charge, mortgage and encumbrance in all of the Corporation’s right, title and interest in and to the Corporation’s applicable present and after-acquired personal property as a continuing collateral security for the due and timely payment and performance by the Corporation of all indebtedness, liabilities and obligations of the Corporation hereunder and the Corporation shall cause such security interest to be registered pursuant to the PPSA in favour of the Debenture Trustee on behalf of the Debenture Trustee and the Debentureholders.

Section 5.2 Authority of Debenture Trustee.

The Debenture Trustee is authorized and directed to (i) enter into the Security Agreement, (ii) bind the Debentureholders on the terms as set forth in the Security Agreement, and (iii) perform and observe its obligations under the Security Agreement.

ARTICLE 6 ENFORCEMENT

Section 6.1 Suits by Registered Debentureholders.

All or any of the rights conferred upon any Registered Debentureholder by any of the terms of this Indenture may be enforced by the Registered Debentureholder by appropriate proceedings but without prejudice to the right which is hereby conferred upon the Debenture Trustee to proceed in its own name to enforce each and all of the provisions herein contained for the benefit of the Registered Debentureholders.

Section 6.2 Immunity of Shareholders, etc.

The Debenture Trustee and the Debentureholders hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any incorporator or any past, present or future shareholder, trustee, employee or agent of the Corporation or any successor Corporation on any covenant, agreement, representation or warranty by the Corporation herein.

Section 6.3 Waiver of Default.

(1) Upon the happening of any default hereunder:

- (a) the Registered Debentureholders of not less than 51% of the Debentures then outstanding shall have power (in addition to the powers exercisable by Extraordinary Resolution) by requisition in writing to instruct the Debenture Trustee to waive any default hereunder and the Debenture Trustee shall thereupon waive the default upon such terms and conditions as shall be prescribed in such requisition; or
- (b) the Debenture Trustee shall have power to waive any default hereunder upon such terms and conditions as the Debenture Trustee may deem advisable, on the advice of Counsel, if, in the Debenture Trustee's opinion, based on the advice of Counsel, the same shall have been cured or adequate provision made therefore;

provided that no delay or omission of the Debenture Trustee or of the Registered Debentureholders to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein and provided further that no act or omission either of the Debenture Trustee or of the Registered Debentureholders in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default hereunder of the rights resulting therefrom.

ARTICLE 7

MEETINGS OF REGISTERED DEBENTUREHOLDERS

Section 7.1 Right to Convene Meetings.

The Debenture Trustee may at any time and from time to time, and shall on receipt of a written request of the Corporation or of a Debentureholders' Request and upon being indemnified and funded to its reasonable satisfaction by the Corporation or by the Registered Debentureholders signing such Debentureholders' Request against the costs which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Registered Debentureholders. If the Debenture Trustee fails to so call a meeting within seven days after receipt of such written request of the Corporation or such Debentureholders' Request and the indemnity and funding given as aforesaid, the Corporation or such Registered Debentureholders, as the case may be, may convene such meeting. Every such meeting shall be held in the city of Toronto or at such other place as may be approved or determined by the Debenture Trustee.

Section 7.2 Notice.

At least 21 days' prior written notice of any meeting of Registered Debentureholders shall be given to the Registered Debentureholders in the manner provided for in Section 12.3 and a copy of such notice shall be sent by mail to the Debenture Trustee (unless the meeting has been called by the Debenture Trustee) and to the Corporation (unless the meeting has been called by the Corporation). Such notice shall state the time when and the place where the meeting is to be held, shall state briefly the general nature of the business to be transacted thereat and shall contain such information as is reasonably necessary to enable the Registered Debentureholders to make a reasoned decision on the matter, but it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Section 7.2.

Section 7.3 Chairperson.

An individual (who need not be a Registered Debentureholder) designated in writing by the Debenture Trustee shall be chairman of the meeting and if no individual is so designated, or if the individual so designated is not present within fifteen minutes from the time fixed for the holding of the meeting, the Registered Debentureholders present in person or by proxy shall choose an individual present to be chairperson.

Section 7.4 Quorum.

Subject to the provisions of Section 7.11, at any meeting of the Registered Debentureholders a quorum shall consist of at least two Registered Debentureholders present in person or by proxy and holding at least 10% of the aggregate principal amount of the then outstanding Debenture. If a quorum of the Registered Debentureholders shall not be present within thirty minutes from the time fixed for holding any meeting, the meeting, if summoned by Registered Debentureholders or on a Debentureholders' Request, shall be dissolved; but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day, in which case it shall be adjourned to the next following Business

Day) at the same time and place and no notice of the adjournment need be given. Any business may be brought before or dealt with at an adjourned meeting which might have been dealt with at the original meeting in accordance with the notice calling the same. No business shall be transacted at any meeting unless a quorum is present at the commencement of business. At the adjourned meeting the Registered Debentureholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened, notwithstanding that they may not hold at least 10% of the aggregate principal amount of the Debentures.

Section 7.5 Power to Adjourn.

The chairman of any meeting at which a quorum of the Registered Debentureholders is present may, with the consent of the meeting, adjourn any such meeting, and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

Section 7.6 Show of Hands.

Every question submitted to a meeting shall be decided in the first place by a majority of the votes given on a show of hands except that votes on an Extraordinary Resolution shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

Section 7.7 Poll and Voting.

- (1) On every Extraordinary Resolution, and on any other question submitted to a meeting and after a vote by show of hands when demanded by the chairman or by one or more of the Registered Debentureholders acting in person or by proxy and holding in the aggregate at least 5% of the aggregate principal amount of Debentures then outstanding, a poll shall be taken in such manner as the chairman shall direct. Questions other than those required to be determined by Extraordinary Resolution shall be decided by a majority of the votes cast on the poll.
- (2) On a show of hands, every person who is present and entitled to vote, whether as a Registered Debentureholder or as proxy for one or more absent Registered Debentureholders, or both, shall have one vote. On a poll, each Registered Debentureholder present in person or represented by a proxy duly appointed by instrument in writing shall be entitled to one vote in respect of each Debenture then held or represented by it. A proxy need not be a Registered Debentureholder. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Debentures, if any, held or represented by him.

Section 7.8 Regulations.

- (1) The Debenture Trustee, or the Corporation with the approval of the Debenture Trustee, may from time to time make and from time to time vary such regulations as it shall think fit for:

- (a) the setting of the record date for a meeting for the purpose of determining Registered Debentureholders entitled to receive notice of and to vote at the meeting;
 - (b) the issue of voting certificates by any bank, trust company or other depository satisfactory to the Debenture Trustee stating that the Debenture Certificates specified therein have been deposited with it by a named person and will remain on deposit until after the meeting, which voting certificate shall entitle the persons named therein to be present and vote at any such meeting and at any adjournment thereof or to appoint a proxy or proxies to represent them and vote for them at any such meeting and at any adjournment thereof in the same manner and with the same effect as though the persons so named in such voting certificates were the actual bearers of the Debenture Certificates specified therein;
 - (c) the deposit of voting certificates and instruments appointing proxies at such place and time as the Debenture Trustee, the Corporation or the Registered Debentureholders convening the meeting, as the case may be, may in the notice convening the meeting direct;
 - (d) the deposit of voting certificates and instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed or telecopied before the meeting to the Corporation or to the Debenture Trustee at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting;
 - (e) the form of the instrument of proxy; and
 - (f) generally for the calling of meetings of Registered Debentureholders and the conduct of business thereat.
- (2) Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be recognized at any meeting as a Registered Debentureholder, or be entitled to vote or be present at the meeting in respect thereof (subject to Section 7.9), shall be Registered Debentureholders or duly appointed proxies of Registered Debentureholders.

Section 7.9 Corporation and Debenture Trustee May be Represented.

The Corporation and the Debenture Trustee, by their respective directors, officers, agents, and employees and counsel, may attend any meeting of the Registered Debentureholders.

Section 7.10 Powers Exercisable by Extraordinary Resolution.

- (1) In addition to all other powers conferred upon them by any other provisions of this Indenture or by law, the Registered Debentureholders at a meeting shall, subject to the

provisions of Section 7.11, have the power exercisable from time to time by Extraordinary Resolution:

- (a) to agree to any modification, abrogation, alteration, compromise or arrangement of the rights of Registered Debentureholders or the Debenture Trustee in its capacity as debenture trustee hereunder (subject to the Debenture Trustee's prior consent, acting reasonably) or on behalf of the Registered Debentureholders against the Corporation whether such rights arise under this Indenture or otherwise;
- (b) to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Registered Debentureholders;
- (c) to direct or to authorize the Debenture Trustee, subject to Section 10.4 hereof, to enforce any of the covenants on the part of the Corporation contained in this Indenture or to enforce any of the rights of the Registered Debentureholders in any manner specified in such Extraordinary Resolution or to refrain from enforcing any such covenant or right;
- (d) to waive, and to direct the Debenture Trustee to waive, any default on the part of the Corporation in complying with any provisions of this Indenture either unconditionally or upon any conditions specified in such Extraordinary Resolution;
- (e) to restrain any Registered Debentureholder from taking or instituting any suit, action or proceeding against the Corporation for the enforcement of any of the covenants on the part of the Corporation in this Indenture or to enforce any of the rights of the Registered Debentureholders;
- (f) to direct any Registered Debentureholder who, as such, has brought any suit, action or proceeding to stay or to discontinue or otherwise to deal with the same upon payment of the costs, charges and expenses reasonably and properly incurred by such Registered Debentureholder in connection therewith;
- (g) to assent to any change in or omission from the provisions contained in this Indenture or any ancillary or supplemental instrument which may be agreed to by the Corporation, and to authorize the Debenture Trustee to concur in and execute any ancillary or supplemental indenture embodying the change or omission;
- (h) with the consent of the Corporation, such consent not to be unreasonably withheld, to remove the Debenture Trustee or its successor in office and to appoint a new debenture trustee or debenture trustees to take the place of the Debenture Trustee so removed; and
- (i) to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any shares or other securities of the Corporation.

Section 7.11 Meaning of Extraordinary Resolution.

- (1) The expression “**Extraordinary Resolution**” when used in this Indenture means, subject as hereinafter provided in this Section 7.11 and in Section 7.14, a resolution proposed at a meeting of Registered Debentureholders duly convened for that purpose and held in accordance with the provisions of this Article 7 at which there are present in person or by proxy Registered Debentureholders holding at least 10% of the aggregate principal amount of the Debentures then outstanding and passed by the affirmative votes of Registered Debentureholders holding not less than 66 2/3% of the aggregate principal amount of the Debentures then outstanding and voted on the poll upon such resolution.
- (2) If, at the meeting at which an Extraordinary Resolution is to be considered, Registered Debentureholders holding at least 10% of the aggregate principal amount of Debentures then outstanding are not present in person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by Registered Debentureholders or on a Debentureholders’ Request, shall be dissolved; but in any other case it shall stand adjourned to such day, being not less than 15 or more than 60 days later, and to such place and time as may be appointed by the chairman. Not less than 14 days’ prior notice shall be given of the time and place of such adjourned meeting in the manner provided for in Section 12.3. Such notice shall state that at the adjourned meeting the Registered Debentureholders present in person or by proxy shall form a quorum but it shall not be necessary to set forth the purposes for which the meeting was originally called or any other particulars. At the adjourned meeting the Registered Debentureholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed by the requisite vote as provided in Section 7.11(1) shall be an Extraordinary Resolution within the meaning of this Indenture notwithstanding that Registered Debentureholders holding at least 10% of the then outstanding Debentures are not present in person or by proxy at such adjourned meeting.
- (3) Subject to Section 7.14, votes on an Extraordinary Resolution shall always be given on a poll and no demand for a poll on an Extraordinary Resolution shall be necessary.

Section 7.12 Powers Cumulative.

Any one or more of the powers or any combination of the powers in this Indenture stated to be exercisable by the Registered Debentureholders by Extraordinary Resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers or any combination of powers from time to time shall not be deemed to exhaust the right of the Registered Debentureholders to exercise such power or powers or combination of powers then or thereafter from time to time.

Section 7.13 Minutes.

Minutes of all resolutions and proceedings at every meeting of Registered Debentureholders shall be made and duly entered in books to be provided from time to time for that purpose by the Debenture Trustee at the expense of the Corporation, and any such minutes

as aforesaid, if signed by the chairman or the secretary of the meeting at which such resolutions were passed or proceedings had shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly convened and held, and all resolutions passed thereat or proceedings taken shall be deemed to have been duly passed and taken.

Section 7.14 Instruments in Writing.

All actions which may be taken and all powers that may be exercised by the Registered Debentureholders at a meeting held as provided in this Article 7 may also be taken and exercised by Registered Debentureholders holding at least 66 2/3% of the aggregate principal amount of Debentures then outstanding by an instrument in writing signed in one or more counterparts by such Registered Debentureholders in person or by attorney duly appointed in writing, and the expression “**Extraordinary Resolution**” when used in this Indenture shall include an instrument so signed.

Section 7.15 Binding Effect of Resolutions.

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article 7 at a meeting of Registered Debentureholders shall be binding upon all the Debentureholders, whether present at or absent from such meeting, and every instrument in writing signed by Registered Debentureholders in accordance with Section 7.14 shall be binding upon all the Debentureholders, whether signatories thereto or not, and each and every Debentureholder and the Debenture Trustee (subject to the provisions for indemnity herein contained) shall be bound to give effect accordingly to every such resolution and instrument in writing.

ARTICLE 8 SUPPLEMENTAL INDENTURES

Section 8.1 Provision for Supplemental Indentures for Certain Purposes.

- (1) From time to time, the Corporation (when authorized by action of the directors) and the Debenture Trustee may, subject to the provisions hereof and when so directed in accordance with the provisions hereof, execute and deliver by their proper officers, indentures or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:
 - (a) setting forth any adjustments resulting from the application of the provisions of Article 4;
 - (b) adding to the provisions hereof such additional covenants and enforcement provisions as, in the opinion of Counsel, are necessary or advisable in the premises, provided that the same are not in the opinion of the Debenture Trustee, relying on the advice of Counsel, prejudicial to the interests of the Registered Debentureholders;
 - (c) giving effect to any Extraordinary Resolution passed as provided in Section 7.11;

- (d) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder or for the purpose of obtaining a listing or quotation of the Debentures on any stock exchange, provided that such provisions are not, in the opinion of the Debenture Trustee, relying on the advice of Counsel, prejudicial to the interests of the Registered Debentureholders;
- (e) adding to or altering the provisions hereof in respect of the transfer of Debenture, making provision for the exchange of Debentures, and making any modification in the form of the Debenture Certificates which does not affect the substance thereof;
- (f) modifying any of the provisions of this Indenture, including relieving the Corporation from any of the obligations, conditions or restrictions herein contained, provided that such modification or relief shall be or become operative or effective only if, in the opinion of the Debenture Trustee, relying on the advice of Counsel, such modification or relief in no way prejudices any of the rights of the Registered Debentureholders or of the Debenture Trustee, and provided further that the Debenture Trustee may in its sole discretion decline to enter into any such supplemental indenture which in its opinion may not afford adequate protection to the Debenture Trustee when the same shall become operative; and
- (g) for any other purpose not inconsistent with the terms of this Indenture, including the correction or rectification of any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions herein, provided that in the opinion of the Debenture Trustee, relying on the advice of Counsel, the rights of the Debenture Trustee and of the Registered Debentureholders are in no way prejudiced thereby.

Section 8.2 Successor Entities.

In the case of the consolidation, amalgamation, arrangement, merger or transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to or with another entity ("**successor entity**"), the successor entity resulting from such consolidation, amalgamation, arrangement, merger or transfer (if not the Corporation) shall expressly assume, by supplemental indenture satisfactory in form to the Debenture Trustee and executed and delivered to the Debenture Trustee, the due and punctual performance and observance of each and every covenant and condition of this Indenture to be performed and observed by the Corporation.

ARTICLE 9 COVENANTS OF THE CORPORATION

The Corporation hereby covenants and agrees with the Debenture Trustee for the benefit of the Trustee and the Debentureholders, that so long as any Debentures remain outstanding:

Section 9.1 To Pay Principal and Interest.

The Corporation will duly and punctually pay or cause to be paid to every Debentureholder the principal of and interest accrued on the Debentures of which it is the holder on the dates, at the places and in the manner mentioned herein and in the Debentures.

Section 9.2 Debenture Trustee Compensation.

The Corporation shall pay to the Debenture Trustee, from time to time, compensation for its services hereunder as agreed separately by the Corporation and the Debenture Trustee, and shall pay or reimburse the Debenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Debenture Trustee in the administration or execution of its duties under this Indenture (including the reasonable and documented compensation and disbursements of its Counsel and all other advisers and assistants not regularly in its employ), both before any default hereunder and thereafter until all duties of the Debenture Trustee under this Indenture shall be finally and fully performed. The Debenture Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust.

Section 9.3 To Give Notice of Default.

The Corporation shall notify the Debenture Trustee immediately upon obtaining knowledge of any Event of Default hereunder.

Section 9.4 Preservation of Existence, etc.

Subject to the express provisions hereof, the Corporation will carry on and conduct its activities in a business-like manner and in accordance with good business practices, and, subject to the express provisions hereof, it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence and rights.

Section 9.5 Keeping of Books.

The Corporation will keep or cause to be kept proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Corporation in accordance with generally accepted accounting principles.

Section 9.6 Performance of Covenants by Trustee.

If the Corporation shall fail to perform any of its covenants contained in this Indenture, the Debenture Trustee may notify the Debentureholders of such failure on the part of the Corporation or may itself perform any of the covenants capable of being performed by it, but shall be under no obligation to do so or to notify the Debentureholders. All sums so expended or advanced by the Debenture Trustee shall be repayable as provided in Section 9.2. No such performance, expenditure or advance by the Debenture Trustee shall be deemed to relieve the Corporation of any default hereunder.

Section 9.7 Indebtedness.

Neither the Corporation nor any subsidiary of the Corporation shall incur, assume or otherwise become liable for or in respect of any Indebtedness other than Permitted Indebtedness.

Section 9.8 Negative Pledge.

Neither the Corporation nor any subsidiary of the Corporation shall, directly or indirectly, create, incur, assume, permit or suffer to exist any Encumbrance against any of its properties or assets existing as of the date hereof, other than (a) Encumbrances granted in connection with parts (i), (ii), (iii), (iv) or (vi) of the definition of Permitted Indebtedness, (b) Encumbrances for taxes not yet due and delinquent, or (c) easements, encroachments and other minor imperfections of title which do not, individually or in the aggregate, materially detract from the value of or impair the use or marketability of any real property.

In the event that the Corporation or any subsidiary of the Corporation grants an Encumbrance against any properties or assets of the Corporation or any subsidiary of the Corporation that do not exist as of the date hereof in connection with part (v) of the definition of Permitted Indebtedness, the Corporation shall provide Registered Debentureholders with notice of such Encumbrance within 10 days following the date of grant.

Section 9.9 Disposals.

The Corporation shall not, directly or indirectly, convey, sell, lease, assign, transfer or otherwise dispose of any of its properties or assets other than in the ordinary course of business of the Corporation.

Section 9.10 No Dividends on PV Shares if Event of Default.

The Corporation shall not declare or pay any dividend to the holders of its issued and outstanding PV Shares after the occurrence of an Event of Default unless and until such Event of Default shall have been cured or waived or shall have ceased to exist.

Section 9.11 Use of Proceeds.

The Corporation will use the proceeds of the Debentures for general corporate and working capital purposes.

ARTICLE 10 DEFAULT

Section 10.1 Events of Default.

- (1) Each of the following events constitutes, and is herein sometimes referred to as, an **"Event of Default"**:
 - (a) failure for 10 days to pay interest on the Debentures when due;
 - (b) failure to pay principal when due on the Debentures whether at maturity upon a Change of Control, by declaration or otherwise;

- (c) default in the delivery, when due, of all cash and any PV Shares or other consideration payable on conversion with respect to the Debentures, which default continues for 15 days;
- (d) default in the observance or performance of any covenant or condition of this Indenture by the Corporation and the failure to cure (or obtain a waiver for) such default for a period of 15 days after notice in writing has been given by the Debenture Trustee or from holders of not less than 15% in aggregate principal amount of the Debentures to the Corporation specifying such default and requiring the Corporation to rectify such default or obtain a waiver for same;
- (e) if a decree or order of any court having jurisdiction is entered adjudging the Corporation a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of, the property of the Corporation, or appointing a receiver of, or of any substantial part of, the property of the Corporation or ordering the winding-up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of 60 days;
- (f) if the Corporation institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to the appointment of a receiver of, or of any substantial part of, the property of the Corporation or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;
- (g) if a resolution is passed for the winding-up or liquidation of the Corporation; or
- (h) if, after the date of this Indenture, any proceedings with respect to the Corporation are taken with respect to a compromise or arrangement, with respect to creditors of the Corporation generally, under the applicable legislation of any jurisdiction;

then: (i) in each and every such event listed above, the Debenture Trustee may, in its discretion, and shall, upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding, subject to the provisions of Section 10.3, by notice in writing to the Corporation declare the principal of and interest on all Debentures then outstanding and all other monies outstanding hereunder to be due and payable and the same shall thereupon forthwith become immediately due and payable to the Debenture Trustee, and (ii) on the occurrence of an Event of Default under Section 10.1(1)(e), Section 10.1(1)(f) or Section 10.1(1)(h), the principal of and interest on all Debentures then outstanding hereunder and all other monies outstanding hereunder, shall automatically without any declaration or other act on the part of the Debenture Trustee or any Debentureholder become immediately due and payable to the Debenture Trustee and, in either case, upon such amounts becoming

due and payable in either (i) or (ii) above, the Corporation shall forthwith pay to the Debenture Trustee for the benefit of the Debentureholders such principal, accrued and unpaid interest and interest on amounts in default on such Debenture and all other monies outstanding hereunder, together with subsequent interest at the rate borne by the Debentures on such principal, interest and such other monies from the date of such declaration or event until payment is received by the Debenture Trustee, such subsequent interest to be payable at the times and places and in the manner mentioned in and according to the tenor of the Debentures. Such payment when made shall be deemed to have been made in discharge of the Corporation's obligations hereunder and any monies so received by the Debenture Trustee shall be applied in the manner provided in Section 10.6.

Section 10.2 Notice of Events of Default.

If an Event of Default shall occur and be continuing the Debenture Trustee shall, within 30 days after it receives written notice of the occurrence of such Event of Default, give notice of such Event of Default to the Debentureholders in the manner provided in Section 12.3, provided that notwithstanding the foregoing, unless the Debenture Trustee shall have been requested to do so by the holders of at least 25% of the principal amount of the Debentures then outstanding, the Debenture Trustee shall not be required to give such notice if the Debenture Trustee in good faith shall have determined that the withholding of such notice is in the best interests of the Debentureholders and shall have so advised the Corporation in writing.

Section 10.3 Waiver of Default.

- (1) Upon the happening of any Event of Default hereunder:
 - (a) the holders of the Debentures shall have the power (in addition to the powers exercisable by Extraordinary Resolution as hereinafter provided) by requisition in writing by the holders of more than 50% of the principal amount of Debentures then outstanding, to instruct the Debenture Trustee to waive any Event of Default and to cancel any declaration made by the Debenture Trustee pursuant to Section 10.1 and the Debenture Trustee shall thereupon waive the Event of Default and cancel such declaration, or either, upon such terms and conditions as shall be prescribed in such requisition; and
 - (b) the Debenture Trustee, so long as it has not become bound to declare the principal and interest on the Debentures then outstanding to be due and payable, or to obtain or enforce payment of the same, shall have power to waive any Event of Default if, in the Debenture Trustee's opinion, the same shall have been cured or adequate satisfaction made therefor, and in such event to cancel any such declaration theretofore made by the Debenture Trustee in the exercise of its discretion, upon such terms and conditions as the Debenture Trustee may deem advisable.

No such act or omission either of the Debenture Trustee or of the Debentureholders shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or the rights resulting therefrom.

Section 10.4 Enforcement by the Debenture Trustee.

- (1) Subject to the provisions of Section 10.3 and to the provisions of any Extraordinary Resolution that may be passed by the Debentureholders, if the Corporation shall fail to pay to the Debenture Trustee, forthwith after the same shall have been declared to be due and payable under Section 10.1, the principal of and interest on all Debentures then outstanding, together with any other amounts due hereunder, the Debenture Trustee may in its discretion and shall upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding and upon being funded and indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, proceed in its name as trustee hereunder to obtain or enforce payment of such principal of and interest on all the Debentures then outstanding together with any other amounts due hereunder by such proceedings authorized by this Indenture or by law or equity as the Debenture Trustee in such request shall have been directed to take, or if such request contains no such direction, or if the Debenture Trustee shall act without such request, then by such proceedings authorized by this Indenture or by suit at law or in equity as the Debenture Trustee shall deem expedient.
- (2) The Debenture Trustee shall be entitled and empowered, either in its own name or as Debenture Trustee of an express trust, or as attorney-in-fact for the holders of the Debentures, or in any one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claims of the Debenture Trustee and of the holders of the Debentures allowed in any insolvency, bankruptcy, liquidation or other judicial proceedings relative to the Corporation or its creditors or relative to or affecting its property. The Debenture Trustee is hereby irrevocably appointed (and the successive respective holders of the Debentures by taking and holding the same shall be conclusively deemed to have so appointed the Debenture Trustee) the true and lawful attorney-in-fact of the respective holders of the Debentures with authority to make and file in the respective names of the holders of the Debentures or on behalf of the holders of the Debentures as a class, subject to deduction from any such claims of the amounts of any claims filed by any of the holders of the Debentures themselves, any proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings and to receive payment of any sums becoming distributable on account thereof, and to execute any such other papers and documents and to do and perform any and all such acts and things for and on behalf of such holders of the Debentures, as may be necessary or advisable in the opinion of the Debenture Trustee, in order to have the respective claims of the Debenture Trustee and of the holders of the Debentures against the Corporation or its property allowed in any such proceeding, and to receive payment of or on account of such claims; provided, however, that subject to Section 10.3, nothing contained in this Indenture shall be deemed to give to the Debenture Trustee, unless so authorized by Extraordinary Resolution, any right to accept or consent to any plan of reorganization or otherwise by action of any character in such proceeding to waive or change in any way any right of any Debentureholder.
- (3) The Debenture Trustee shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may be advised shall be

necessary or advisable to preserve and protect its interests and the interests of the Debentureholders.

- (4) All rights of action hereunder may be enforced by the Debenture Trustee without the possession of any of the Debentures or the production thereof on the trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Debenture Trustee shall be brought in the name of the Debenture Trustee as trustee of an express trust, and any recovery of judgment shall be for the rateable benefit of the holders of the Debentures subject to the provisions of this Indenture. In any proceeding brought by the Debenture Trustee (and also any proceeding in which a declaratory judgment of a court may be sought as to the interpretation or construction of any provision of this Indenture, to which the Debenture Trustee shall be a party) the Debenture Trustee shall be held to represent all the holders of the Debentures, and it shall not be necessary to make any holders of the Debentures parties to any such proceeding.

Section 10.5 No Suits by Debentureholders.

No holder of any Debenture shall have any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing payment of the principal or interest on the Debentures or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the *Bankruptcy and Insolvency Act* (Canada) or to have the Corporation wound up or to file or prove a claim in any liquidation or bankruptcy proceeding or for any other remedy hereunder, unless: (a) such holder shall previously have given to the Debenture Trustee written notice of the happening of an Event of Default hereunder; and (b) the Debentureholders by Extraordinary Resolution or by written instrument signed by the holders of at least 25% in principal amount of the Debentures then outstanding shall have made a request to the Debenture Trustee and the Debenture Trustee shall have been afforded reasonable opportunity either itself to proceed to exercise the powers hereinbefore granted or to institute an action, suit or proceeding in its name for such purpose; and (c) the Debentureholders or any of them shall have provided to the Debenture Trustee, when so requested by the Debenture Trustee, sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and (d) the Debenture Trustee shall have failed to act within a reasonable time after such notification, request and offer of indemnity and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Debenture Trustee, to be conditions precedent to any such proceeding or for any other remedy hereunder by or on behalf of the holder of any Debentures.

Section 10.6 Application of Monies by Debenture Trustee.

- (1) Except as herein otherwise expressly provided, any monies received by the Debenture Trustee from the Corporation pursuant to the foregoing provisions of this Article 9, or as a result of legal or other proceedings or from any trustee in bankruptcy or liquidator of the Corporation, shall be applied, together with any other monies in the hands of the Debenture Trustee available for such purpose, as follows:
- (a) first, in payment or in reimbursement to the Debenture Trustee of its compensation, costs, charges, expenses, borrowings, advances or other monies

provided or provided by or at the instance of the Debenture Trustee in or about the execution of its trusts under, or otherwise in relation to, this Indenture, with interest thereon as herein provided;

- (b) second, but subject as hereinafter in this Section 10.6 provided, in payment, rateably and proportionately to the holders of Debentures, of the principal of and accrued and unpaid interest and interest on amounts in default on the Debentures which shall then be outstanding in the priority of principal first and then accrued and unpaid interest and interest on amounts in default unless otherwise directed by Extraordinary Resolution and in that case in such order or priority as between principal and interest as may be directed by such resolution; and
- (c) third, in payment of the surplus, if any, of such monies to the Corporation or its assigns;

provided, however, that no payment shall be made pursuant to clause (ii) above in respect of the principal or interest on any Debenture held, directly or indirectly, by or for the benefit of the Corporation or any subsidiary (other than any Debenture pledged for value and in good faith to a person other than the Corporation or any subsidiary but only to the extent of such person's interest therein) except subject to the prior payment in full of the principal and interest (if any) on all Debentures which are not so held.

- (2) The Debenture Trustee shall not be bound to apply or make any partial or interim payment of any monies coming into its hands if the amount so received by it, after reserving such amount as the Debenture Trustee may think necessary to provide for the payments mentioned in (1), is insufficient to make a distribution of at least 2% of the aggregate principal amount of the outstanding Debentures, but it may retain the money so received by it and invest or deposit the same as provided herein until the money or the investments representing the same, with the income derived therefrom, together with any other monies for the time being under its control shall be sufficient for the said purpose or until it shall consider it advisable to apply the same in the manner hereinbefore set forth. The foregoing shall, however, not apply to a final payment in distribution hereunder.

Section 10.7 Notice of Payment by Debenture Trustee.

Not less than 15 days' notice shall be given in the manner provided in Section 12.3 by the Debenture Trustee to the Debentureholders of any payment to be made under this Article 9. Such notice shall state the time when and place where such payment is to be made and also the liability under this Indenture to which it is to be applied. After the day so fixed, unless payment shall have been duly demanded and have been refused, the Debentureholders will be entitled to interest only on the balance (if any) of the principal monies and interest due to them, respectively, on the Debentures, after deduction of the respective amounts payable in respect thereof on the day so fixed.

Section 10.8 Debenture Trustee May Demand Production of Debentures.

The Debenture Trustee shall have the right to demand production of the Debentures in respect of which any payment of principal or interest required by this Article 10 is made and may cause to be endorsed on the same a memorandum of the amount so paid and the date of payment, but the Debenture Trustee may, in its discretion, dispense with such production and endorsement, upon such indemnity being given to it and to the Corporation as the Debenture Trustee shall deem sufficient.

Section 10.9 Remedies Cumulative.

No remedy herein conferred upon or reserved to the Debenture Trustee, or upon or to the holders of Debentures is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now existing or hereafter to exist by law or by statute.

Section 10.10 Judgment Against the Corporation.

The Corporation covenants and agrees with the Debenture Trustee that, in case of any judicial or other proceedings to enforce the rights of the Debentureholders, judgment may be rendered against it in favour of the Debentureholders or in favour of the Debenture Trustee, as trustee for the Debentureholders, for any amount which may remain due in respect of the Debentures and the interest thereon and any other monies owing hereunder.

Section 10.11 Immunity of Directors, Officers and Others.

The Debentureholders and the Debenture Trustee hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any past, present or future officer, director or employee of the Corporation or holder of PV Shares or Common Shares or of any successor for the payment of the principal of or interest on any of the Debentures or on any covenant, agreement, representation or warranty by the Corporation contained herein or in the Debentures.

ARTICLE 11 CONCERNING THE DEBENTURE TRUSTEE

Section 11.1 Trust Indenture Legislation.

- (1) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of Applicable Legislation, such mandatory requirement shall prevail.
- (2) The Corporation and the Debenture Trustee agree that each will, at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of Applicable Legislation.

Section 11.2 Rights and Duties of Debenture Trustee.

- (1) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Debenture Trustee shall exercise that degree of care, diligence and skill that a reasonably prudent Debenture Trustee would exercise in comparable circumstances. No provision of this Indenture shall be construed to relieve the Debenture Trustee from liability for its own negligent action, wilful misconduct, bad faith or fraud under this Indenture.
- (2) The obligation of the Debenture Trustee to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Debenture Trustee or the Registered Debentureholders hereunder shall be conditional upon the Registered Debentureholders furnishing, when required by notice by the Debenture Trustee, sufficient funds to commence or to continue such act, action or proceeding and an indemnity reasonably satisfactory to the Debenture Trustee to protect and to hold harmless the Debenture Trustee and its officers, directors, employees and agents, against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof. None of the provisions contained in this Indenture shall require the Debenture Trustee to expend or to risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified and funded as aforesaid.
- (3) The Debenture Trustee may, before commencing or at any time during the continuance of any such act, action or proceeding, require the Registered Debentureholders, at whose instance it is acting to deposit with the Debenture Trustee the Debenture Certificates held by them, for which Debentures the Debenture Trustee shall issue receipts.
- (4) Every provision of this Indenture that by its terms relieves the Debenture Trustee of liability or entitles it to rely upon any evidence submitted to it is subject to the provisions of Applicable Legislation.

Section 11.3 Evidence, Experts and Advisers.

- (1) In addition to the reports, certificates, opinions and other evidence required by this Indenture, the Corporation shall furnish to the Debenture Trustee such additional evidence of compliance with any provision hereof, and in such form, as may be prescribed by Applicable Legislation or as the Debenture Trustee may reasonably require by written notice to the Corporation.
- (2) In the exercise of its rights and duties hereunder, the Debenture Trustee may, if it is acting in good faith, rely as to the truth of the statements and the accuracy of the opinions expressed in statutory declarations, opinions, reports, written requests, consents, or orders of the Corporation, certificates of the Corporation or other evidence furnished to the Debenture Trustee pursuant to a request of the Debenture Trustee, provided that such evidence complies with Applicable Legislation and that the Debenture Trustee complies with Applicable Legislation and that the Debenture Trustee examines the same and determines that such evidence complies with the applicable requirements of this Indenture.

- (3) Whenever it is provided in this Indenture or under Applicable Legislation that the Corporation shall deposit with the Debenture Trustee resolutions, certificates, reports, opinions, requests, orders or other documents, it is intended that the truth, accuracy and good faith on the effective date thereof and the facts and opinions stated in all such documents so deposited shall, in each and every such case, be conditions precedent to the right of the Corporation to have the Debenture Trustee take the action to be based thereon.
- (4) The Debenture Trustee may act and rely and shall be protected in acting and relying in good faith on the opinion or advice of or information obtained from any counsel, accountant, appraiser or other expert or adviser, whether retained or employed by the Corporation or by the Debenture Trustee, in relation to any matter arising in the administration of the agency hereof.

Section 11.4 Documents, Monies, etc. Held by Debenture Trustee.

- (1) Any monies, securities, documents of title or other instruments that may at any time be held by the Debenture Trustee may be held at any Canadian chartered bank listed in Schedule I of the *Bank Act* (Canada), or deposited for safekeeping with any such bank. Any monies held pending the application or withdrawal thereof under any provisions of this Indenture, shall be held, invested and reinvested amount in Permitted Investments as directed in writing by the Corporation. "**Permitted Investments**" shall be treasury bills guaranteed by the Government of Canada having a term to maturity not to exceed ninety (90) days, or term deposits or bankers' acceptances of a Canadian chartered bank having a term to maturity not to exceed ninety (90) days, or such other investments that is in accordance with the Debenture Trustee's standard type of investments. Unless otherwise specifically provided herein, all interest or other income received by the Debenture Trustee in respect of such deposits and investments shall belong to the Corporation.
- (2) Any written direction for the investment or release of funds received shall be received by the Debenture Trustee by 9:00 a.m. (Toronto time) on the Business Day on which such investment or release is to be made, failing which such direction will be handled on a commercially reasonable efforts basis and may result in funds being invested or released on the next Business Day.
- (3) The Debenture Trustee shall have no responsibility or liability for any diminution of any funds resulting from any investment made in accordance with this Indenture, including any losses on any investment liquidated prior to maturity in order to make a payment required hereunder.
- (4) In the event that the Debenture Trustee does not receive a direction or only a partial direction, the Debenture Trustee may hold cash balances constituting part or all of such monies and may, but need not, invest same in its deposit department, the deposit department of one of its affiliates, or the deposit department of a Canadian chartered bank; but the Debenture Trustee, its affiliates or a Canadian chartered bank shall not be liable to account for any profit to any parties to this Indenture or to any other person or entity.

Section 11.5 Actions by Debenture Trustee to Protect Interest.

The Debenture Trustee shall have power to institute and to maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Registered Debentureholders.

Section 11.6 Debenture Trustee Not Required to Give Security.

The Debenture Trustee shall not be required to give any bond or security in respect of the execution of the agency and powers of this Indenture or otherwise in respect of the premises.

Section 11.7 Protection of Debenture Trustee.

- (1) By way of supplement to the provisions of any law for the time being relating to debenture trustees it is expressly declared and agreed as follows:
 - (a) the Debenture Trustee shall not be liable for or by reason of any statements of fact in this Indenture or in the Debenture Certificates (except the representation contained in Section 11.9 or in the certificate of the Debenture Trustee on the Debenture Certificates) or be required to verify the same, but all such statements are and shall be deemed to be made by the Corporation;
 - (b) nothing herein contained shall impose any obligation on the Debenture Trustee to see to or to require evidence of the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental hereto;
 - (c) the Debenture Trustee shall not be bound to give notice to any person or persons of the execution hereof;
 - (d) the Debenture Trustee shall not incur any liability or responsibility whatever or be in any way responsible for the consequence of any breach on the part of the Corporation of any of its covenants herein contained or of any acts of any directors, officers, employees, agents or servants of the Corporation; and
 - (e) the Corporation hereby indemnifies and agrees to hold harmless the Debenture Trustee, its affiliates, their current and former officers, directors, employees, agents, successors and assigns from and against any and all liabilities, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements, including legal fees and disbursements of whatever kind and nature which may at any time be imposed on or incurred by or asserted against the Debenture Trustee, whether groundless or otherwise, arising from or out of any act, omission or error of the Debenture Trustee, provided that the Corporation shall not be required to indemnify the Debenture Trustee in the event of the negligence or wilful misconduct of the Debenture Trustee, and this provision shall survive the resignation or removal of the Debenture Trustee or the termination or discharge of this Indenture.

Section 11.8 Replacement of Debenture Trustee; Successor by Merger.

- (1) The Debenture Trustee may resign its agency and be discharged from all further duties and liabilities hereunder, subject to this Section 11.8, by giving to the Corporation not less than 30 days' prior notice in writing or such shorter prior notice as the Corporation may accept as sufficient. The Registered Debentureholders by Extraordinary Resolution shall have power at any time to remove the existing Debenture Trustee and to appoint a new Debenture Trustee. In the event of the Debenture Trustee resigning or being removed as aforesaid or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Corporation shall forthwith appoint a new Debenture Trustee unless a new Debenture Trustee has already been appointed by the Registered Debentureholders; failing such appointment by the Corporation, the retiring Debenture Trustee or any Registered Debentureholder may apply to a judge of the Superior Court of Justice of the province of Ontario on such notice as such judge may direct, for the appointment of a new Debenture Trustee; but any new Debenture Trustee so appointed by the Corporation or by the Court shall be subject to removal as aforesaid by the Registered Debentureholders. Any new Debenture Trustee appointed under any provision of this Section 11.8 shall be an entity authorized to carry on the business of a trustee in the Province of Ontario and, if required by the Applicable Legislation for any other provinces, in such other provinces. On any such appointment the new debenture trustee shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Debenture Trustee hereunder.
- (2) Upon the appointment of a successor Debenture Trustee, the Corporation shall promptly notify the Registered Debentureholders thereof in the manner provided for in Section 12.3.
- (3) Any Debenture Certificates Authenticated but not delivered by a predecessor Debenture Trustee may be Authenticated by the successor Debenture Trustee in the name of the predecessor or successor Debenture Trustee.
- (4) Any corporation in to which the Debenture Trustee may be merged or consolidated or amalgamated, or any corporation resulting therefrom to which the Debenture Trustee shall be a party, or any corporation succeeding to substantially the corporate trust business of the Debenture Trustee shall be the successor to the Debenture Trustee hereunder without any further act on its part or any of the parties hereto, provided that such corporation would be eligible for appointment as successor Debenture Trustee under Section 11.8(1).

Section 11.9 Conflict of Interest.

- (1) The Debenture Trustee represents to the Corporation that at the time of execution and delivery hereof no material conflict of interest exists between its role as a Debenture Trustee hereunder and its role in any other capacity and agrees that in the event of a material conflict of interest arising hereafter it will, within 90 days after ascertaining that it has such material conflict of interest, either eliminate the same or assign its agency hereunder to a successor Debenture Trustee approved by the Corporation and meeting

the requirements set forth in Section 11.8(1). Notwithstanding the foregoing provisions of this Section 11.9(1), if any such material conflict of interest exists or hereafter shall exist, the validity and enforceability of this Indenture and the Debenture Certificate shall not be affected in any manner whatsoever by reason thereof.

- (2) Subject to Section 11.9(1), the Debenture Trustee, in its personal or any other capacity, may buy, lend upon and deal in securities of the Corporation and generally may contract and enter into financial transactions with the Corporation without being liable to account for any profit made thereby.

Section 11.10 Acceptance of Agency.

The Debenture Trustee hereby accepts the agency in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth.

Section 11.11 Debenture Trustee Not to be Appointed Receiver.

The Debenture Trustee and any person related to the Debenture Trustee shall not be appointed a receiver, a receiver and manager or liquidator of all or any part of the assets or undertaking of the Corporation.

Section 11.12 Debenture Trustee Not Required to Give Notice of Default.

The Debenture Trustee shall not be bound to give any notice or do or take any act, action or proceeding by virtue of the powers conferred on it hereby unless and until it shall have been required so to do under the terms hereof; nor shall the Debenture Trustee be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall distinctly specify the default desired to be brought to the attention of the Debenture Trustee and in the absence of any such notice the Debenture Trustee may for all purposes of this Indenture conclusively assume that no default has been made in the observance or performance of any of the representations, warranties, covenants, agreements or conditions contained herein. Any such notice shall in no way limit any discretion herein given to the Debenture Trustee to determine whether or not the Debenture Trustee shall take action with respect to any default.

Section 11.13 Anti-Money Laundering.

- (1) Each party to this Indenture other than the Debenture Trustee hereby represents to the Debenture Trustee that any account to be opened by, or interest to be held by the Debenture Trustee in connection with this Indenture, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Debenture Trustee's prescribed form as to the particulars of such third party.
- (2) The Debenture Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Debenture Trustee, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation,

regulation or guideline. Further, should the Debenture Trustee, in its sole judgment, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days written notice to the other parties to this Indenture, provided (i) that the Debenture Trustee's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Debenture Trustee's satisfaction within such 10 day period, then such resignation shall not be effective.

Section 11.14 Compliance with Privacy Policy.

- (1) The Corporation acknowledges that the Debenture Trustee may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:
 - (a) to provide the services required under this Indenture and other services that may be requested from time to time;
 - (b) to help the Debenture Trustee manage its servicing relationships with such individuals;
 - (c) to meet the Debenture Trustee's legal and regulatory requirements; and
 - (d) if Social Insurance Numbers are collected by the Debenture Trustee, to perform tax reporting and to assist in verification of an individual's identity for security purposes.
- (2) The Corporation acknowledges and agrees that the Debenture Trustee may receive, collect, use and disclose personal information provided to it or acquired by it in the course of its acting as agent hereunder for the purposes described above and, generally, in the manner and on the terms described in its privacy policy, which the Debenture Trustee shall make available on its website or upon request, including revisions thereto. Further, the Corporation agrees that it shall not provide or cause to be provided to the Debenture Trustee any personal information relating to an individual who is not a party to this Indenture unless the Corporation has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

ARTICLE 12 GENERAL

Section 12.1 Optional Purchase by the Corporation.

Subject to compliance with applicable securities legislation and approval of applicable regulatory authorities, the Corporation may from time to time purchase by private contract or otherwise any of the Debentures. Any such purchase shall be made at the lowest price or prices at which, in the opinion of the board of directors of the Corporation, such Debentures are then

obtainable, plus reasonable costs of purchase, and may be made in such manner, from such persons and on such other terms as the Corporation, in its sole discretion, may determine. In the case of a purchase pursuant to this Section 12.1 the applicable Debenture Certificates shall forthwith be delivered to and cancelled by the Debenture Trustee. In the case of Uncertificated Debentures, the Debentures purchased pursuant to this Section 12.1 shall be reflected accordingly in accordance with procedures prescribed by the Depository under the book entry registration system. No Debentures shall be issued in replacement thereof.

Section 12.2 Notice to the Corporation and the Debenture Trustee.

- (1) Unless herein otherwise expressly provided, any notice to be given hereunder to the Corporation or the Debenture Trustee shall be deemed to be validly given if delivered, sent by registered letter, postage prepaid or telecopied:

- (a) If to the Corporation:

Green Growth Brands Inc.
Suite 5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9
Attention: Peter Horvath, Chief Executive Officer
Fax: (614) 445-7373

With copy to:

Green Growth Brands Inc.
4300 E. 5th Avenue
Columbus, Ohio 43219
Attention: Chief Legal Officer
Fax: (614) 445-7373

- (b) If to the Debenture Trustee:

390 Bay Street, Suite 920
Toronto, ON M5H 2Y2

Attention: Sarah Morrison, Director
Fax: (416) 350-5008

and any such notice delivered in accordance with the foregoing shall be deemed to have been received and given on the date of delivery or, if mailed, on the fifth Business Day following the date of mailing such notice or, if telecopied, on the next Business Day following the date of transmission.

- (2) The Corporation or the Debenture Trustee, as the case may be, may from time to time notify the other in the manner provided in Section 12.2(1) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the

address of the Corporation or the Debenture Trustee, as the case may be, for all purposes of this Indenture.

- (3) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Debenture Trustee or to the Corporation hereunder could reasonably be considered unlikely to reach its destination, such notice shall be valid and effective only if it is delivered to the named officer of the party to which it is addressed, as provided in Section 12.2(1), or given by telecopy or other means of prepaid, transmitted and recorded communication.

Section 12.3 Notice to Registered Debentureholders.

- (1) Unless otherwise provided herein, notice to the Registered Debentureholders under the provisions of this Indenture shall be valid and effective if delivered or sent by ordinary post addressed to such holders at their post office addresses appearing on the register hereinbefore mentioned and shall be deemed to have been effectively received and given on the date of delivery or, if mailed, on the third Business Day following the date of mailing such notice. In the event that Debentures are held in the name of the Depository, a copy of such notice shall also be sent by electronic communication to the Depository and shall be deemed received and given on the day it is so sent.
- (2) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Registered Debentureholders hereunder could reasonably be considered unlikely to reach its destination, such notice shall be valid and effective only if it is delivered to such Registered Debentureholders to the address for such Registered Debentureholders contained in the register maintained by the Debenture Trustee.

Section 12.4 Ownership of Debentures.

The Corporation and the Debenture Trustee may deem and treat the Registered Debentureholders as the absolute owner thereof for all purposes, and the Corporation and the Debenture Trustee shall not be affected by any notice or knowledge to the contrary except where the Corporation or the Debenture Trustee is required to take notice by statute or by order of a court of competent jurisdiction. The receipt of any such Registered Debentureholder of the PV Shares which may be acquired pursuant thereto shall be a good discharge to the Corporation and the Debenture Trustee for the same and neither the Corporation nor the Debenture Trustee shall be bound to inquire into the title of any such holder except where the Corporation or the Debenture Trustee is required to take notice by statute or by order of a court of competent jurisdiction.

Section 12.5 Counterparts.

This Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution they shall be deemed to be dated as of the date hereof.

Section 12.6 Satisfaction and Discharge of Indenture.

(1) Upon the earlier of:

(a) the date by which there shall have been delivered to the Debenture Trustee for conversion or cancellation all Debentures theretofore Authenticated hereunder, in the case of Certificated Debentures, or by way of such other instructions, in a form satisfactory to the Debenture Trustee in the case of Uncertificated Debentures, or by way of standard processing through the book entry only system in the case of a CDS Global Debenture; or

(b) the Maturity Date;

and if all certificates or other entry on the register representing PV Shares required to be issued in compliance with the provisions hereof have been issued and delivered hereunder or to the Debenture Trustee in accordance with such provisions, this Indenture shall cease to be of further effect and the Debenture Trustee, on demand of and at the cost and expense of the Corporation and upon delivery to the Debenture Trustee of a certificate of the Corporation stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture. Notwithstanding the foregoing, the indemnities provided to the Debenture Trustee by the Corporation hereunder shall remain in full force and effect and survive the termination of this Indenture.

Section 12.7 Provisions of Indenture and Debentures for the Sole Benefit of Parties and Registered Debentureholders.

Nothing in this Indenture or in the Debentures, expressed or implied, shall give or be construed to give to any person other than the parties hereto and the Registered Debentureholders, as the case may be, any legal or equitable right, remedy or claim under this Indenture, or under any covenant or provision herein or therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Registered Debentureholders.

Section 12.8 Severability.

If, in any jurisdiction, any provision of this Indenture or its application to any party or circumstance is restricted, prohibited or unenforceable, such provision will, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Indenture and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other parties or circumstances.

Section 12.9 Force Majeure.

No party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by

reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section 12.9.

Section 12.10 Assignment, Successors and Assigns.

Neither of the parties hereto may assign its rights or interest under this Indenture, except as provided in Section 11.8 in the case of the Debenture Trustee, or as provided in Section 8.2 in the case of the Corporation. Subject thereto, this Indenture shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. Notwithstanding the foregoing, any entity:

- (a) resulting from any merger or consolidation to which the Debenture Trustee may be a party;
- (b) that purchases or succeeds in ownership to the majority or substantially all of the corporate trust business of the Debenture Trustee;
- (c) that is a controlled subsidiary or affiliate of the Debenture Trustee; or
- (d) to which a majority of the assets of the Debenture Trustee used in connection with performing this Indenture are transferred while the Debenture Trustee continues to act as Debenture Trustee;

shall be the successor to the Debenture Trustee hereunder without any further act or formality with like effect as if such successor Debenture Trustee had originally been named as the trustee herein.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF the parties hereto have executed this Indenture under the hands of their proper officers in that behalf as of the date first written above.

GREEN GROWTH BRANDS INC.

By: Peter Horvath

Name: Peter Z. Horvath

Title: Chief Executive Officer

CAPITAL TRANSFER AGENCY ULC

By: _____

Name:

Title:

By: _____

Name:

Title:

IN WITNESS WHEREOF the parties hereto have executed this Indenture under the hands of their proper officers in that behalf as of the date first written above.

GREEN GROWTH BRANDS INC.

By: _____
Name:
Title:

CAPITAL TRANSFER AGENCY ULC

By:  _____
Name: Sarah Morrison
Title: Managing Director

By: _____
Name:
Title:

Schedule "A"
PART I - FORM OF GLOBAL DEBENTURE

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 DISTRIBUTION DATE]**.

THIS DEBENTURE IS A GLOBAL DEBENTURE WITHIN THE MEANING OF THE INDENTURE HEREIN REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. THIS DEBENTURE MAY NOT BE TRANSFERRED TO OR EXCHANGED FOR DEBENTURES REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE. EVERY DEBENTURE AUTHENTICATED AND DELIVERED UPON REGISTRATION OF, TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS DEBENTURE SHALL BE A GLOBAL DEBENTURE SUBJECT TO THE FOREGOING, EXCEPT IN SUCH LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO GREEN GROWTH BRANDS INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.

[For Debenture Certificates issued to Debentureholders that are U.S. Persons, include the U.S. legend described in Section 3.2(2) of the Indenture]

CUSIP [39305BAA3]/[39305BAB1]
ISIN [CA39305BAA31]/[CA39305BAB14]

No. ●

US\$ ●

GREEN GROWTH BRANDS INC.

(A corporation existing under the laws of the Province of Ontario)

15.00% SECURED CONVERTIBLE DEBENTURE
due May 17, 2020

Green Growth Brands Inc. (the "**Corporation**") for value received hereby acknowledges itself indebted and, subject to the provisions of the Convertible Debenture Indenture (the

"Indenture") dated as of May 17, 2019 between the Corporation and Capital Transfer Agency ULC (the **"Debenture Trustee"**), promises to pay to _____ on May 17, 2020 (the **"Maturity Date"**) or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture, the principal sum of ● Dollars (US\$●) in lawful money of the United States on presentation and surrender of this Debenture at the main branch of the Debenture Trustee in Toronto, Ontario in accordance with the terms of the Indenture and, subject as hereinafter provided, to pay interest on the principal amount hereof from the date hereof, at the rate of 15.00% per annum (based on a year of 365 days), in like money, in arrears in equal installments on the six month anniversary of the Issue Date and the Maturity Date, and, should the Corporation at any time make default in the payment of any principal, or interest, to pay interest on the amount in default at the same rate, in like money and on the same date.

This Debenture is one of the 15.00% Secured Convertible Debentures (referred to herein as the **"Debentures"**) of the Corporation issued under the provisions of the Indenture. The Debentures authorized for issue immediately are limited to an aggregate principal amount of US\$● in lawful money of the United States. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Debentures are or are to be issued and held and the rights and remedies of the holders of the Debentures and of the Corporation and of the Debenture Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Debenture by acceptance hereof assents.

The Debentures are issuable only in denominations of US\$1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, Debentures of any denomination may be exchanged for an equal aggregate principal amount of Debentures in any other authorized denomination or denominations.

The Corporation shall have the option, exercisable in its sole discretion, of repaying all or any portion of the then outstanding principal amount of all Debentures in cash at any time. In the event that the Corporation exercises this option, interest on such principal amount being repaid shall be calculated up to but excluding the Maturity Date from, and including, the Issue Date, and such interest, to the extent unpaid, shall be immediately due and payable at the time of repayment.

Any part, being US\$1,000 or an integral multiple thereof, of the principal of this Debenture, provided that the principal amount of this Debenture is in a denomination in excess of US\$1,000, is convertible, at the option of the holder hereof, upon surrender of this Debenture at the principal office of the Debenture Trustee in Toronto, Ontario, at any time prior to the close of business on the Maturity Date, but effective as of the Maturity Date, into PV Shares (without adjustment for interest accrued hereon or for dividends or distributions on PV Shares issuable upon conversion) at a conversion price per PV Shares equal to C\$3,500.00 divided by the CDN/US Exchange Rate on the Business Day prior to the date of conversion (the **"Conversion Price"**), all subject to the terms and conditions and in the manner set forth in the Indenture.

The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional PV Shares will be issued on any conversion and holders will

receive a cash payment in satisfaction of any fractional interest. Holders converting their Debentures will receive accrued and unpaid interest thereon (less any taxes required to be deducted) in respect of the Debentures surrendered for conversion up to but excluding the Maturity Date from, and including, their Issue Date. For clarity, payment of such interest shall be paid in cash on the Maturity Date.

Upon the occurrence of a Change of Control of the Corporation, the Corporation is required to make an offer, at the option of each Debentureholder, to purchase all of the Debentures at a cash price equal to the principal amount of such Debentures plus accrued and unpaid interest (if any) up to, but excluding, the date the Debentures are so repurchased.

The indebtedness evidenced by this Debenture, and by all other Debentures now or hereafter certified and delivered under the Indenture, is a direct secured obligation of the Corporation.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Debentures and PV Shares issuable upon conversion hereof have not and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or the securities laws of any state of the United States. The Debentures and the PV Shares may only be offered, sold, pledged or otherwise transferred to (i) the Corporation, or (ii) outside the United States to a person who is not a “U.S. person” (as defined by Regulation S under the U.S. Securities Act) in accordance with an applicable exemption under the U.S. Securities Act and applicable local securities laws and regulations.

The Indenture contains provisions making binding upon all holders of Debentures outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding, which resolutions or instruments may have the effect of amending the terms of this Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of PV Shares, officers, directors and employees of the Corporation in respect of any obligation or claim arising out of the Indenture or this Debenture.

This Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Debenture Trustee in the City of Toronto and in such other place or places and/or by such other registrars (if any) as the Corporation with the approval of the Debenture Trustee may designate. No transfer of this Debenture shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Debenture Trustee or other registrar, and upon compliance with such reasonable requirements as the Debenture Trustee or other registrar may prescribe and upon surrender of this Debenture for cancellation. Thereupon a new Debenture or Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Debenture shall not become obligatory for any purpose until it shall have been certified by the Debenture Trustee under the Indenture.

Capitalized words or expressions used in this Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.

[Reminder of this page intentionally left blank.]

IN WITNESS WHEREOF GREEN GROWTH BRANDS INC. has caused this Debenture to be signed by its authorized representatives as of the ● day of ●, 2019.

GREEN GROWTH BRANDS INC.

By: _____

(FORM OF DEBENTURE TRUSTEE'S CERTIFICATE)

This Debenture is one of the 15.00% Secured Convertible Debentures due May 17, 2020 referred to in the Indenture within mentioned.

CAPITAL TRANSFER AGENCY ULC

By: _____
(Authorized Officer)

Date: _____

FORM OF TRANSFER

CAPITAL TRANSFER AGENCY ULC FOR VALUE RECEIVED the undersigned hereby sells,
assigns and transfers to

_____(print name
and address) the Debentures represented by this Debenture Certificate and hereby irrevocable
constitutes and appoints _____ as its attorney with full power of substitution to
transfer the said securities on the appropriate register of the Debenture Trustee.

DATED this ____ day of _____, 20____.

In the case of a Debenture Certificate bearing the restrictive U.S. legend described in Section
3.2(2) of the Indenture, the undersigned hereby represents, warrants and certifies that (one
(only) of the following must be checked):

- ☐ the transfer is being made to the Corporation; or
- ☐ the transfer is being made outside the United States to a person who is not a “U.S. person” (as
defined by Regulation S under the United States Securities Act of 1933, as amended (the “**U.S.
Securities Act**”)) in accordance with an applicable exemption under the U.S. Securities Act and
applicable local securities laws and regulations.

SPACE FOR GUARANTEES OF)
SIGNATURES (BELOW)

) _____
) Signature of Transferor
)
) _____
Guarantor’s Signature/Stamp) Name of Transferor
)

CERTAIN REQUIREMENTS RELATING TO TRANSFERS - READ CAREFULLY

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face
of this certificate(s), in every particular, without alteration or enlargement, or any change
whatsoever. The signature(s) on this form must be guaranteed in accordance with the transfer
agent’s then current guidelines and requirements at the time of transfer. Notarized or witnessed
signatures are not acceptable as guaranteed signatures. As at the time of closing, you may
choose one of the following methods (although subject to change in accordance with industry
practice and standards):

- **Canada and the USA:** A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words “**Medallion Guaranteed**”, with the correct prefix covering the face value of the certificate.
- **Canada:** A Signature Guarantee obtained from the Guarantor must affix a stamp bearing the actual words “**Signature Guaranteed**”. Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program. For corporate holders, corporate signing resolutions, including certificate of incumbency, are also required to accompany the transfer, unless there is a “**Signature & Authority to Sign Guarantee**” Stamp affixed to the transfer (as opposed to a “**Signature Guarantee**” Stamp) obtained from an authorized officer of a major Canadian Schedule 1 chartered bank.
- **Outside North America:** For holders located outside North America, present the certificates(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

APPENDIX "1"
TO CDS GLOBAL DEBENTURE

GREEN GROWTH BRANDS INC.

15.00% SECURED CONVERTIBLE DEBENTURES
DUE MAY 17, 2020

Initial Principal Amount: US\$●

CUSIP [39305BAA3]/[39305BAB1]
ISIN [CA39305BAA31]/[CA39305BAB14]

Authorization: _____

ADJUSTMENTS

Date	Amount of Increase	Amount of Decrease	New Principal Amount	Authorization

Schedule "B"
Form of Notice of Conversion

CONVERSION NOTICE

To: GREEN GROWTH BRANDS INC.

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

The undersigned registered holder of 15.0% Secured Convertible Debentures irrevocably elects to convert such Debentures (or US\$● principal amount thereof*) in accordance with the terms of the Indenture referred to in such Debentures and tenders herewith the Debentures and directs that the PV Shares of Green Growth Brands Inc. issuable upon a conversion be issued and delivered to the person indicated below. (If PV Shares are to be issued in the name of a person other than the holder, all requisite transfer taxes must be tendered by the undersigned).

Dated: (Signature of Registered Holder)

* If less than the full principal amount of the Debentures, indicate in the space provided the principal amount (which must be US\$1,000 or integral multiples thereof).

NOTE: If PV Shares are to be issued in the name of a person other than the holder, the signature must be guaranteed by a chartered bank, a trust company or by a member of an acceptable Medallion Guarantee Program. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".

(Print name in which PV Shares are to be issued, delivered and registered)

Name:	
Address:	
City, Province and Postal Code	
Name of Guarantor:	

Authorized
Signature:

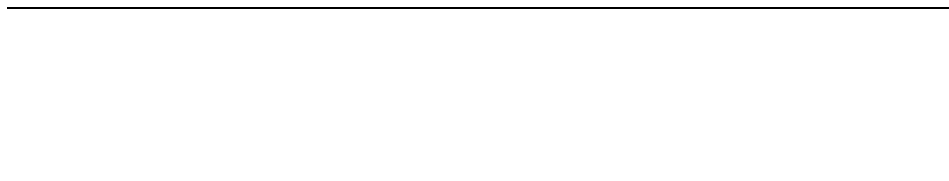
A large rectangular box with a thin black border, intended for a signature. It is positioned to the right of the 'Authorized Signature:' label.

Exhibit E

EXHIBIT "E"

referred to in the Affidavit of

RAYMOND C. WHITAKER III

Sworn May 19, 2020

DocuSigned by:
Sanja Sapic
E820930A2731482...

Commissioner for Taking Affidavits

May 2019 Debenture Holders

Registered Debentureholder	Aggregate Principal Amount (USD)
Ad Greenleaf LLC	\$2,000,000
LS Green Investments, LLC	\$20,000,000
Delancey Financial LLC	\$10,000,000
Michael D. Fascitelli	\$1,000,000
WMB Resources LLC	\$5,000,000
David Damast	\$500,000
MYW Holdings, LLC	\$2,000,000
Michael D. Horvitz Revocable Trust	\$5,000,000

Exhibit F

EXHIBIT "F"

referred to in the Affidavit of

RAYMOND C. WHITAKER III

Sworn May 19, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

SECURITY AGREEMENT

Security Agreement (as amended, modified, supplemented, restated or replaced from time to time, this “**Agreement**”) dated as of June 6, 2019 made by Green Growth Brands Inc., a corporation existing under the laws of the Province of Ontario (together with its successors and assigns, the “**Obligor**”) to and in favour of Capital Transfer Agency ULC (together with its successors and assigns, the “**Debenture Trustee**”) on behalf of the Debenture Trustee and the Debentureholders (as defined below).

WHEREAS the Obligor issued US\$45,500,000 in principal amount of 15% secured convertible debentures of the Obligor to certain purchasers (the “**Debentureholders**”) on the terms and conditions contained in a debenture indenture dated as of May 17, 2019 between the Obligor and the Debenture Trustee (as amended, modified, extended, renewed, replaced, restated or supplemented from time to time, the “**Debenture Indenture**”);

WHEREAS as security for the due and timely payment and performance by the Obligor of all indebtedness, liabilities and obligations of the Obligor under the Debenture Indenture, the Obligor has agreed to execute and deliver this Agreement in favour of the Debenture Trustee on behalf of the Debenture Trustee and the Debentureholders;

NOW THEREFORE for good and valuable consideration, the receipt of which is hereby acknowledged, the Obligor agrees, for the benefit of the Debenture Trustee and the Debentureholders, as follows:

Section 1 Defined Terms; Interpretation.

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

“**Collateral**” has the meaning specified in Section 2.

“**Debenture Documents**” means the Debenture Indenture, this Agreement and each Debenture (as defined in the Debenture Indenture).

“**Encumbrance**” means any mortgage, charge, pledge, hypothecation, security interest, assignment by way of security, lien (statutory or otherwise), encumbrance, conditional sale agreement, capital lease, deposit arrangement, title retention agreement, and any other agreement, trust or arrangement that in substance secures payment or performance of an obligation.

“**Event of Default**” has the meaning specified in the Debenture Indenture.

“**Expenses**” has the meaning specified in Section 3(b).

“**Person**” means a natural person, partnership, corporation, joint stock company, trust, unincorporated association, joint venture or other entity or governmental entity, and pronouns have a similarly extended meaning.

“**Secured Obligations**” has the meaning specified in Section 3(a).

“Security Interest” has the meaning specified in Section 3.

- (2) Terms defined in the *Personal Property Security Act* (Ontario) (as amended from time to time, the “PPSA”) or the *Securities Transfer Act, 2006* (Ontario) (“STA”) and used but not otherwise defined in this Agreement have the same meanings.
- (3) In this Agreement the words “including”, “includes” and “include” mean “including (or includes or include) without limitation”. The expressions “Section” and other subdivision followed by a number mean and refer to the specified Section or other subdivision of this Agreement. Words importing the singular number only include the plural and vice versa. The division of this Agreement into Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect its interpretation.
- (4) Any reference to this Agreement or any Debenture Document refers to this Agreement or such Debenture Document as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented and includes all schedules attached to it. Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.
- (5) Any reference in this Agreement to an Encumbrance permitted by this Agreement is not intended to subordinate or postpone, and shall not be interpreted as subordinating or postponing, or as any agreement to subordinate or postpone, any Encumbrance created by any of the Debenture Documents to any Encumbrance permitted hereunder.

Section 2 Grant of Security.

The Obligor grants to the Debenture Trustee (on behalf of the Debenture Trustee and the Debentureholders) a security interest in, and assigns, mortgages, charges, hypothecates and pledges to the Debenture Trustee (on behalf of the Debenture Trustee and the Debentureholders) all of the personal property and undertaking of the Obligor now owned or hereafter acquired and all of the personal property and undertaking in which the Obligor now has or hereafter acquires any interest (collectively, the “**Collateral**”) including all of the Obligor’s:

- (a) present and after acquired personal property;
- (b) inventory including goods held for sale, lease or resale, goods furnished or to be furnished to third parties under contracts of lease, consignment or service, goods which are raw materials or work in process, goods used in or procured for packing and materials used or consumed in the business of the Obligor;
- (c) equipment, machinery, furniture, fixtures, plant, vehicles and other goods of every kind and description and all licences and other rights and all related

records, files, charts, plans, drawings, specifications, manuals and documents;

- (d) accounts due or accruing and all related agreements, books, accounts, invoices, letters, documents and papers recording, evidencing or relating to them;
- (e) money, documents of title, chattel paper, financial assets and investment property;
- (f) securities accounts and all of the credit balances, security entitlements, other financial assets and items or property (or their value) standing to the credit from time to time in such securities accounts;
- (g) instruments and securities;
- (h) intangibles including all security interests, goodwill, choses in action, contracts, contract rights, licenses and other contractual benefits;
- (i) intellectual property;
- (j) all substitutions and replacements of and increases, additions and, where applicable, accessions to the property described in Section 2(a) through Section 2(i) inclusive; and
- (k) all proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in Section 2(a) through Section 2(j) inclusive, including the proceeds of such proceeds.

Section 3 Obligations Secured.

The security interest, assignment, mortgage, charge, hypothecation and pledge granted by this Agreement (collectively, the “**Security Interest**”) secures the payment and performance of:

- (a) all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by the Obligor to the Debenture Trustee or the Debentureholders in any currency, under, in connection with or pursuant to the Debenture Indenture and any other Debenture Document to which the Obligor is a party, and whether incurred by the Obligor alone or jointly with another or others and whether as principal, guarantor or surety and in whatever name or style (collectively, and together with the Expenses, the “**Secured Obligations**”); and
- (b) all expenses, costs and charges incurred by or on behalf of the Debenture Trustee or the Debentureholders in connection with this Agreement, the Security Interest or the Collateral, including all legal fees, court costs, receiver’s or agent’s remuneration and other expenses of taking possession

of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment for the Collateral, and of taking, defending or participating in any action or proceeding in connection with any of the foregoing matters or otherwise in connection with the Debenture Trustee's or the Debentureholders' interest in any Collateral, whether or not directly relating to the enforcement of this Agreement or any other Debenture Document (collectively, the "**Expenses**").

Section 4 Attachment.

- (1) The Obligor acknowledges that (i) value has been given, (ii) it has rights in the Collateral or the power to transfer rights in the Collateral to the Debenture Trustee (other than after-acquired Collateral and subject to Section 6), (iii) it has not agreed to postpone the time of attachment of the Security Interest, and (iv) it has received a copy of this Agreement.
- (2) The Security Interest does not extend to consumer goods.
- (3) The Security Interest does not extend or apply to the last day of the term of any lease or sublease of real property or any agreement for a lease or sublease of real property, now held or hereafter acquired by the Obligor, but the Obligor will stand possessed of any such last day upon trust to assign and dispose of it as the Debenture Trustee may reasonably direct.

Section 5 Grant of Licence to Use Intellectual Property.

At such time as the Debenture Trustee is lawfully entitled to exercise its rights and remedies under Section 19, the Obligor grants to the Debenture Trustee (on behalf of the Debenture Trustee and the Debentureholders) an irrevocable, nonexclusive licence (exercisable without payment of royalty or other compensation to the Obligor) to use, assign or sublicense any intellectual property in which the Obligor has rights wherever the same may be located, including in such licence access to (i) all media in which any of the licensed items may be recorded or stored, and (ii) all software and computer programs used for compilation or print-out. The license granted under this Section 5 is to enable the Debenture Trustee to exercise its rights and remedies under Section 10 through Section 18, inclusive, and for no other purpose.

Section 6 Restricted Rights.

- (1) Notwithstanding anything to the contrary contained in any other provision of this Agreement, if the Obligor cannot lawfully grant the Security Interest in any agreement, right, franchise, equipment lease or sublease, intellectual property right or licence in which it now or hereafter has rights (each, a "**Restricted Right**") or in any goods subject to any Restricted Right ("**Restricted Goods**") because the terms of such Restricted Right prohibit or restrict such Security Interest, the Restricted Right requires the consent of any Person which has not been obtained or the grant of such Security Interest in the Restricted Right or Restricted Goods would contravene or is void under any applicable statute or regulation, that Restricted Right shall not, to the extent it would be illegal or void (each, a "**Prescribed Restricted Right**"), be subject

to the Security Interest (save to the extent provided below) unless and until such agreements, consents, waivers and approvals as may be required to avoid such illegality or voidness have been obtained. The Security Interest shall nonetheless immediately attach to any rights of the Obligor arising under, by reason of, or otherwise in respect of such Prescribed Restricted Right, such as the right to receive payments thereunder and all proceeds and replacements of the Prescribed Restricted Right ("**Related Rights**"), (i) if and to the extent and as at the time such attachment to the Related Rights is not illegal or void, (ii) if such prohibition or restriction is not enforceable against third parties such as the Debenture Trustee or (iii) if an Event of Default occurs and is continuing.

- (2) To the extent permitted by applicable statute or regulation, the Obligor will hold in trust for the Debenture Trustee (on behalf of the Debenture Trustee and the Debentureholders), and provide the Debenture Trustee with the benefits of, each Prescribed Restricted Right and following the occurrence of an Event of Default and while it is continuing, will enforce all Prescribed Restricted Rights at the direction of the Debenture Trustee or at the direction of such other Person (including any purchaser of Collateral from the Debenture Trustee or any receiver) as the Debenture Trustee may designate, provided that until the security interest created hereby becomes enforceable, the Obligor shall, be entitled to receive all proceeds relating to the Prescribed Restricted Rights, subject to the Security Interest.

Section 7 Care and Custody of Collateral.

- (1) The Debenture Trustee has no obligation to keep Collateral in its possession identifiable.
- (2) Without limiting any other rights or remedies under this Agreement, the Debenture Trustee may, upon the occurrence and during the continuance of an Event of Default, (i) notify any Person obligated on an instrument, chattel paper, security or account to make payments to the Debenture Trustee, whether or not the Obligor was previously making collections on such instruments, chattel paper, securities or accounts, and (ii) assume control of any proceeds arising from the Collateral.
- (3) The Debenture Trustee has no obligation to collect dividends, distributions or interest payable on, or exercise any option or right in connection with, any Collateral. The Debenture Trustee has no obligation to protect or preserve any Collateral from depreciating in value or becoming worthless and is released from all responsibility for any loss of value. In the physical keeping of any securities, the Debenture Trustee is only obliged to exercise the same degree of care as it would exercise with respect to its own securities kept at the same place.

Section 8 Rights of the Obligor.

- (1) Until the occurrence of an Event of Default which is continuing, the Obligor is entitled to vote the securities that are part of the Collateral and to receive all dividends and distributions on such securities. Upon the occurrence of an Event of Default which is continuing, all rights of the Obligor to vote (under any proxy given by the Debenture Trustee (or its nominee) or otherwise) or to receive distributions or

dividends cease and all such rights become vested solely and absolutely in the Debenture Trustee.

- (2) Any distributions or dividends received by the Obligor contrary to Section 8(1) or any other moneys or property received by the Obligor after the Security Interest is enforceable will be received as trustee for the Debenture Trustee and shall be immediately paid over to the Debenture Trustee.

Section 9 Expenses.

The Obligor is liable for and will pay on demand by the Debenture Trustee any and all Expenses.

Section 10 Enforcement.

The Security Interest becomes and is enforceable against the Obligor upon the occurrence and during the continuance of an Event of Default.

Section 11 Remedies.

Upon the occurrence and during the continuance of an Event of Default, the Debenture Trustee may, to the extent permitted by law, realize upon the Collateral and enforce the rights of the Debenture Trustee by:

- (a) entry onto any premises where Collateral consisting of tangible personal property may be located;
- (b) entry into possession of the Collateral by any method permitted by law;
- (c) sale, grant of options to purchase, or lease of all or any part of the Collateral;
- (d) holding, storing and keeping idle or operating all or any part of the Collateral;
- (e) exercising and enforcing all rights and remedies of a holder of the Collateral as if the Debenture Trustee were the absolute owner thereof (including, if necessary, causing the Collateral to be registered in the name of the Debenture Trustee or its nominee if not already done);
- (f) collection of any proceeds arising in respect of the Collateral;
- (g) collection, realization or sale of, or other dealing with, accounts;
- (h) license or sublicense, whether on an exclusive or nonexclusive basis, of any intellectual property for such term and on such conditions and in such manner as the Debenture Trustee in its sole judgment determines (taking into account such provisions as may be necessary to protect and preserve such intellectual property);

- (i) instruction or order to any issuer or securities intermediary pursuant to any control the Debenture Trustee has over the Collateral;
- (j) instruction to any bank to transfer all moneys constituting Collateral held by such bank to an account maintained with or by the Debenture Trustee;
- (k) appointment by instrument in writing of a receiver (which term as used in this Agreement includes a receiver and manager) or agent of all or any part of the Collateral and removal or replacement from time to time of any receiver or agent;
- (l) institution of proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Collateral;
- (m) institution of proceedings in any court of competent jurisdiction for sale or foreclosure of all or any part of the Collateral;
- (n) filing of proofs of claim and other documents to establish claims to the Collateral in any proceeding relating to the Obligor; and
- (o) any other remedy or proceeding authorized or permitted under the PPSA or otherwise by law or equity.

Section 12 Additional Rights.

In addition to the remedies set forth in Section 11 and elsewhere in this Agreement, the Debenture Trustee may, whenever the Security Interest is enforceable:

- (a) require the Obligor, at the Obligor's expense, to assemble the Collateral at a place or places designated by notice in writing and the Obligor agrees to so assemble the Collateral immediately upon receipt of such notice;
- (b) require the Obligor, by notice in writing, to disclose to the Debenture Trustee the location or locations of the Collateral and the Obligor agrees to promptly make such disclosure when so required;
- (c) repair, process, modify, complete or otherwise deal with the Collateral and prepare for the disposition of the Collateral, whether on the premises of the Obligor or otherwise;
- (d) redeem any prior security interest against any Collateral, procure the transfer of such security interest to itself, or settle and pass the accounts of the prior mortgagee, chargee or encumbrancer (any accounts to be conclusive and binding on the Obligor);
- (e) pay any liability secured by any Encumbrance against any Collateral (the Obligor will immediately on demand reimburse the Debenture Trustee for all such payments);

- (f) carry on all or any part of the business of the Obligor and, to the exclusion of all others including the Obligor, enter upon, occupy and use all or any of the premises, buildings, and other property of or used by the Obligor for such time as the Debenture Trustee sees fit, free of charge, and the Debenture Trustee shall not be liable to the Obligor for any act, omission or negligence in so doing or for any rent, charges, depreciation or damages incurred in connection with or resulting from such action;
- (g) borrow for the purpose of carrying on the business of the Obligor or for the maintenance, preservation or protection of the Collateral and grant a security interest in the Collateral, whether or not in priority to the Security Interest, to secure repayment;
- (h) commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give good and valid receipts and discharges in respect of the Collateral and compromise or give time for the payment or performance of all or any part of the accounts or any other obligation of any third party to the Obligor; and
- (i) at any public sale, and to the extent permitted by law on any private sale, bid for and purchase any or all of the Collateral offered for sale and upon compliance with the terms of such sale, hold, retain and dispose of such Collateral without any further accountability to the Obligor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Debenture Trustee, the Debenture Trustee may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Secured Obligations then due and payable to it as a credit against the purchase price.

Section 13 Exercise of Remedies.

The remedies under Section 11 and Section 12 may be exercised from time to time separately or in combination and are in addition to, and not in substitution for, any other rights of the Debenture Trustee however arising or created. The Debenture Trustee is not bound to exercise any right or remedy, and the exercise of rights and remedies is without prejudice to the rights of the Debenture Trustee in respect of the Secured Obligations including the right to claim for any deficiency.

Section 14 Receiver's Powers.

- (1) Any receiver appointed by the Debenture Trustee shall be vested with the rights and remedies which could have been exercised by the Debenture Trustee in respect of the Obligor or the Collateral and such other powers and discretions as are granted in the instrument of appointment and any supplemental instruments. The identity of the receiver, its replacement and its remuneration shall be within the sole and unfettered discretion of the Debenture Trustee.

- (2) Any receiver appointed by the Debenture Trustee shall act as agent for the Debenture Trustee for the purposes of taking possession of the Collateral, but otherwise and for all other purposes (except as provided below), as agent for the Obligor. The receiver may sell, lease, or otherwise dispose of Collateral as agent for the Obligor or as agent for the Debenture Trustee as the Debenture Trustee may determine in its discretion. The Obligor agrees to ratify and confirm all actions of the receiver acting as agent for the Obligor, and to release and indemnify the receiver in respect of all such actions.
- (3) The Debenture Trustee, in appointing or refraining from appointing any receiver, shall not incur liability to the receiver, the Obligor or otherwise and shall not be responsible for any misconduct or negligence of the receiver.

Section 15 Appointment of Attorney.

The Obligor hereby irrevocably constitutes and appoints the Debenture Trustee (and any officer of the Debenture Trustee) the true and lawful attorney of the Obligor. As the attorney of the Obligor, the Debenture Trustee has the power to exercise for and in the name of the Obligor with full power of substitution, upon the occurrence and during the continuance of an Event of Default, any of the Obligor's right (including the right of disposal), title and interest in and to the Collateral including the execution, endorsement, delivery and transfer of the Collateral to the Debenture Trustee, its nominees or transferees, and the Debenture Trustee and its nominees or transferees are hereby empowered to exercise all rights and powers and to perform all acts of ownership with respect to the Collateral to the same extent as the Obligor might do. This power of attorney is irrevocable, is coupled with an interest, has been given for valuable consideration (the receipt and adequacy of which is acknowledged) and survives, and does not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Obligor. This power of attorney extends to and is binding upon the Obligor's successors and permitted assigns.

Section 16 Dealing with the Collateral.

- (1) The Debenture Trustee shall not be obliged to exhaust its recourse against the Obligor or any other Person or against any other security it may hold in respect of the Secured Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Debenture Trustee may consider desirable.
- (2) The Debenture Trustee may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Obligor and with other Persons, sureties or securities as it may see fit without prejudice to the Secured Obligations, the liability of the Obligor or the rights of the Debenture Trustee in respect of the Collateral.
- (3) Except as otherwise provided by law or this Agreement, the Debenture Trustee shall not be (i) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral, (ii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of any Persons in respect of the Collateral, (iii) responsible for any loss occasioned by any sale or other dealing with the Collateral

or by the retention of or failure to sell or otherwise deal with the Collateral, or (iv) bound to protect the Collateral from depreciating in value or becoming worthless.

Section 17 Standards of Sale.

Without prejudice to the ability of the Debenture Trustee to dispose of the Collateral in any manner which is commercially reasonable, the Obligor acknowledges that:

- (a) the Collateral may be disposed of in whole or in part;
- (b) the Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (c) any assignee of such Collateral may be the Debenture Trustee or a customer of the Debenture Trustee;
- (d) any sale conducted by the Debenture Trustee will be at such time and place, on such notice and in accordance with such procedures as the Debenture Trustee, in its sole discretion, may deem advantageous;
- (e) the Collateral may be disposed of in any manner and on any terms necessary to avoid violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that the prospective bidders and purchasers have certain qualifications, and restrict the prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of the Collateral) or in order to obtain any required approval of the disposition (or of the resulting purchase) by any governmental or regulatory authority or official;
- (f) a disposition of Collateral may be on such terms and conditions as to credit or otherwise as the Debenture Trustee, in its sole discretion, may deem advantageous; and
- (g) the Debenture Trustee may establish an upset or reserve bid or price in respect of the Collateral.

Section 18 Dealings by Third Parties.

- (1) No Person dealing with the Debenture Trustee or an agent or receiver shall be required to determine (i) whether the Security Interest has become enforceable, (ii) whether the powers which such Person is purporting to exercise have become exercisable, (iii) whether any money remains due to the Debenture Trustee by the Obligor, (iv) the necessity or expediency of the stipulations and conditions subject to which any sale or lease is made, (v) the propriety or regularity of any sale or other dealing by the Debenture Trustee with the Collateral, or (vi) how any money paid to the Debenture Trustee has been applied.

- (2) Any *bona fide* purchaser of all or any part of the Collateral from the Debenture Trustee or any receiver or agent shall hold the Collateral absolutely, free from any claim or right of whatever kind, including any equity of redemption, of the Obligor, which it specifically waives (to the fullest extent permitted by law) as against any such purchaser together with all rights of redemption, stay or appraisal which the Obligor has or may have under any rule of law or statute now existing or hereafter adopted.

Section 19 Representations, Warranties and Covenants.

The Obligor represents and warrants and covenants and agrees, acknowledging and confirming that the Debenture Trustee is relying on such representations, warranties, covenants and agreements, that:

- (1) **Continuous Perfection.** Schedule "A" sets out the Obligor's (i) place of business or, if more than one, chief executive office, (ii) registered office and (iii) jurisdiction of organization. The Obligor will not change the location of its place of business or chief executive office, as the case may be, registered office or jurisdiction of organization without providing at least thirty (30) days prior written notice to the Debenture Trustee. The Collateral, subject to dispositions of Collateral as permitted in the Debenture Indenture, is kept and will be kept at those locations listed on Schedule "A", and the Obligor will not remove the Collateral from such locations, without providing at least thirty (30) days prior written notice to the Debenture Trustee, provided that Collateral may be moved to another location as long as such other location is in a jurisdiction in which the Debenture Trustee has a valid and perfected security interest in the Collateral. The Obligor will not change its name in any manner without providing at least thirty (30) days prior written notice to the Debenture Trustee.
- (2) **Dispositions.** The Obligor will not sell, assign, convey, exchange, lease, release or abandon, or otherwise dispose of, any Collateral except as permitted in the Debenture Indenture.

Section 20 General.

- (1) Any notice, direction or other communication to be given under this Agreement shall be in writing and given in accordance with the Debenture Indenture.
- (2) The Security Interest shall be discharged upon, but only upon, full and indefeasible payment and performance of the Secured Obligations. Upon discharge of the Security Interest and at the request and expense of the Obligor, the Debenture Trustee shall execute and deliver to the Obligor such releases, discharges, financing statements and other documents or instruments as the Obligor may reasonably require and the Debenture Trustee will redeliver to the Obligor, or as the Obligor may otherwise direct the Debenture Trustee, any Collateral in its possession.
- (3) This Agreement does not operate by way of merger of any of the Secured Obligations and no judgment recovered by the Debenture Trustee will operate by way of merger of, or in any way affect, the Security Interest, which is in addition to,

- and not in substitution for, any other security now or hereafter held by the Debenture Trustee in respect of the Secured Obligations. The representations, warranties and covenants of the Obligor in this Agreement survive the execution and delivery of this Agreement and any advances made hereunder. Notwithstanding any investigation made by or on behalf of the Debenture Trustee, the covenants, representations and warranties continue in full force and effect.
- (4) The Obligor will do all acts and things and execute and deliver, or cause to be executed and delivered, all agreements, documents and instruments that the Debenture Trustee may require and take all further steps relating to the Collateral or any other property or assets of the Obligor that the Debenture Trustee may require for (i) protecting the Collateral, (ii) perfecting, preserving and protecting the Security Interest, and (iii) exercising all powers, authorities and discretions conferred upon the Debenture Trustee. After the Security Interest becomes enforceable, the Obligor will do all acts and things and execute and deliver all documents and instruments that the Debenture Trustee may require for facilitating the sale or other disposition of the Collateral in connection with its realization.
 - (5) This Agreement is in addition to, without prejudice to and supplemental to all other security now held or which may hereafter be held by the Debenture Trustee.
 - (6) This Agreement shall be binding on the Obligor, its successors and assigns, and enures to the benefit of the Debenture Trustee and its successors and assigns. This Agreement may be assigned by the Debenture Trustee, upon notice to the Obligor, to such Person as the Debenture Trustee may determine and, in such event, such Person will be entitled to all of the rights and remedies of the Debenture Trustee as set forth in this Agreement or otherwise. In any action brought by an assignee to enforce any such right, the Obligor shall not assert against the assignee any claim or defence which the Obligor has or may have against the Debenture Trustee. The Obligor may not assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Debenture Trustee which may be unreasonably withheld.
 - (7) The Obligor acknowledges and agrees that in the event it amalgamates with any other corporation or corporations, it is the intention of the parties that the Security Interest (i) extends to: (A) all of the property and undertaking that any of the amalgamating corporations then owns, (B) all of the property and undertaking that the amalgamated corporation thereafter acquires, (C) all of the property and undertaking in which any of the amalgamating corporations then has any interest and (D) all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest; and (ii) secures the payment and performance of all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by each of the amalgamating corporations and the amalgamated corporation to the Debenture Trustee in any currency, under, in connection with or pursuant to the Debenture Documents to which any of the amalgamating corporations or the amalgamated corporation is a party, and whether

incurred alone or jointly with another or others and whether as principal, guarantor or surety and whether incurred prior to, at the time of or subsequent to the amalgamation. The Security Interest attaches to the additional collateral at the time of amalgamation and to any collateral thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired. Upon any such amalgamation, the defined term “**Obligor**” means, collectively, each of the amalgamating corporations and the amalgamated corporation, the defined term “**Collateral**” means all of the property and undertaking and interests described in (i) above, and the defined term “**Secured Obligations**” means the obligations described in (ii) above.

- (8) If any court of competent jurisdiction determines any provision of this Agreement to be illegal, invalid or unenforceable, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.
- (9) This Agreement may only be amended, supplemented or otherwise modified by written agreement executed by the Debenture Trustee and the Obligor.
- (10) No consent or waiver by the Debenture Trustee in respect of this Agreement is binding unless made in writing and signed by an authorized officer of the Debenture Trustee. Any consent or waiver given under this Agreement is effective only in the specific instance and for the specific purpose for which given. No waiver of any of the provisions of this Agreement constitutes a waiver of any other provision. A failure or delay on the part of the Debenture Trustee in exercising a right under this Agreement does not operate as a waiver of, or impair, any right of the Debenture Trustee however arising. A single or partial exercise of a right on the part of the Debenture Trustee does not preclude any other or further exercise of that right or the exercise of any other right by the Debenture Trustee.
- (11) This Agreement will be governed by, interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

[Signature page follows]

IN WITNESS WHEREOF the Obligor has executed this Agreement.

GREEN GROWTH BRANDS INC.

By: Peter Horvath

Name: Peter Z. Horvath

Title: Chief Executive Officer

By: _____

Name:

Title:

SCHEDULE "A"
RELEVANT JURISDICTIONS

(i) Chief Executive Office:

4300 E. 5th Avenue
Columbus, Ohio 43219

(ii) Registered Office:

Suite 5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9

(iii) Jurisdiction of Organization: Province of Ontario

Exhibit G

EXHIBIT "G"

referred to in the Affidavit of

RAYMOND C. WHITAKER III

Sworn May 19, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

All Js Greenspace LLC
4300 East 5th Avenue
Columbus, Ohio 43215

CONFIDENTIAL

August 14, 2019

Green Growth Brands Inc. (the “**Company**”)
4300 East 5th Avenue
Columbus, Ohio 43215

Attention: Peter Horvath

Ladies and Gentlemen:

In connection with the Company’s agreement with a group of investment dealers, led by Canaccord Genuity Corp. (the “**Underwriters**”), to sell to the Underwriters, on a bought deal basis pursuant to the filing of a short form prospectus, an aggregate of 20,500,000 units of the Company at a price of C\$2.45 per unit for aggregate gross proceeds to the Company of C\$50,225,000 (the “**Offering**”), pursuant to a prospectus substantially in the form attached as Exhibit A hereto (the “**Prospectus**”), All Js Greenspace LLC (“**Investor**”, or “**we**” or “**our**”) is pleased to advise you of its commitment (the “**Commitment**”) to subscribe for and purchase up to US\$57,350,000, in the aggregate, of newly issued 8% secured convertible debentures (the “**Debentures**”) at a price of US\$1,000 per Debenture and with a conversion price equivalent to C\$2.45 per common share (the “**Investment**”) in accordance with the terms, and subject to the conditions, of this letter agreement (this “**Commitment Letter**”).

Each Debenture, if and when issued, will have a maturity date of 12 months from the date of issuance (the “**Maturity Date**”) and will be convertible upon the election of the Investor at any time up to and including the Maturity Date into proportionate voting shares of the Company (the “**Proportionate Voting Shares**”) at a conversion price per Proportionate Voting Share equal to US\$1,225 (being equivalent to C\$2.45 per common share) divided by the Canadian-US exchange rate on the business day prior to conversion (the “**Conversion Price**”). Interest on the Debentures will accrue daily and will be payable on the Maturity Date. On the Maturity Date the principal amount of the Debentures shall be payable by the Company in cash (together with all accrued interest payable thereon) or, at the option of Investor, in Proportionate Voting Shares at the Conversion Price, without adjustment for interest accrued on the Debentures or for dividends or distributions on the Proportionate Voting Shares issuable upon conversion, all subject to the terms and conditions to be set forth in the definitive form of Debenture to be issued by the Company in form and substance satisfactory to the Investor and the Company, acting reasonably. The obligations of the Company under the Debentures will be secured by a general security agreement over all of the Company’s applicable present and after-acquired personal property and will be subordinate to the Company’s existing secured debt.

The Company shall be entitled to require, upon approval of the board of directors following a request by the Chief Executive Officer of the Company, the Investor to fulfill its Commitment for a period of 12 months (the “**Term**”) following completion of the Offering as follows:

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- (a) as to up to US\$38,850,000, in the event the Company's existing principal amount US\$45,500,000 (C\$61,233,100) 15% convertible secured debenture cannot be extended or refinanced prior to the maturity date thereof; and
- (b) as to up to US\$18,500,000, in the event the Company requires capital to fund operations during the Term.

In consideration of the Commitment hereunder, promptly following the completion of the Offering, you hereby agree to pay to Investor a non-refundable commitment fee of US\$2,866,250 ("**Commitment Fee**"), payable through the issuance of Proportionate Voting Shares at a price equal to the closing market price of the common shares of the Company on the trading day immediately prior to such issuance, multiplied by 500 and divided by the Canadian-U.S. exchange rate on the business day immediately prior to such issuance.

You agree to promptly reimburse Investor on demand for all reasonable out-of-pocket fees and expenses (including legal fees and expenses incurred in connection with due diligence) incurred by or on behalf of Investor and its affiliates (other than you and your subsidiaries) prior to, on or after the date hereof in connection with the Investment and the preparation, negotiation and execution of any related documentation, including this Commitment Letter and the Debenture. The Company's reimbursement obligations under this paragraph shall remain effective whether or not the Debentures are purchased and notwithstanding any termination or expiration of this Commitment Letter.

You agree that Investor will act under this Commitment Letter as an independent contractor and that nothing in this Commitment Letter will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between Investor, on the one hand, and you, your equityholders or your subsidiaries and affiliates, on the other hand. You acknowledge and agree that (a) the transactions contemplated by this Commitment Letter are arm's-length commercial transactions between Investor, on the one hand, and you, on the other, (b) in connection therewith and with the process leading to such transaction, Investor is acting solely as a principal and not as an agent or fiduciary of you, your management, equityholders, creditors, subsidiaries, affiliates or any other person, (c) Investor has not assumed an advisory or fiduciary responsibility or any other obligation in favor of you or your affiliates with respect to the Investment, the exercise of the remedies with respect thereto or the process leading thereto (irrespective of whether Investor has advised or is currently advising you or any of your or their respective affiliates on other matters) and Investor has no obligation to you, or your or their respective affiliates with respect to the transactions contemplated hereby except the obligations to you expressly set forth in this Commitment Letter and (d) Investor has not provided any legal, accounting, regulatory or tax advice and you have consulted your own legal and financial advisors to the extent you deemed appropriate.

You agree that you will not disclose, directly or indirectly, this Commitment Letter or the contents hereof, or the activities of Investor pursuant hereto, to any person or entity without Investor's prior written approval (such approval not to be unreasonably withheld, delayed or conditioned), except (a) if Investor consents in writing to such proposed disclosure or (b) pursuant to an order of any court or administrative agency or in any pending legal, judicial or administrative proceeding, or otherwise as required by applicable law, rule or regulation or compulsory legal process or to the extent requested or required by governmental and/or regulatory authorities, in each case based on the reasonable advice of your legal counsel (in which case you agree, to the extent practicable and not prohibited by applicable law, rule or regulation, to inform us promptly thereof prior to disclosure); provided that you may disclose the

Commitment Letter and its contents to the extent required in connection with any public or regulatory filing requirement with respect to the Offering (provided that Investor shall have the right to review and comment on any such disclosure, and all such comments shall be accepted unless you can establish that such comments would make the disclosure inaccurate in any material respect) and applicable securities laws. The parties hereby acknowledge that this Commitment Letter will be required to be disclosed to the Ontario Securities Commission (as the Company's principal regulator), disclosed and described in the Prospectus and will be filed with the applicable securities regulatory authorities and on SEDAR following execution hereof in connection with the Offering.

The Commitment, and the obligations of the Investor hereunder will terminate and be of no further force or effect upon the occurrence of a Company Change of Control. For purposes of this Commitment, "**Company Change of Control**" means the occurrence of any one or more of the following (a) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition as a result of which any person or group of persons acting jointly or in concert, other than the Investor and his/her associates, become the holders of fifty (50%) percent or more of the common shares (calculated on a fully diluted as converted basis) of Company (other than solely involving the Corporation and one or more of its affiliates); (b) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of all or substantially all of the property or assets of the Company on a consolidated basis, other than a disposition to an affiliate of the Company; (c) a resolution is adopted to wind-up, dissolve or liquidate the Company or (d) any person, entity or group of persons acting jointly or in concert (the "**Acquiror**") acquires or acquires control (including, without limitation, the right to vote or direct the voting) of voting securities of the Company which, when added to the voting securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or associates and/or affiliates of the Acquiror to cast or to direct the casting of 50% or more of the votes attached to all of the Company's outstanding voting securities which may be cast to elect directors of the Company or the successor corporation (regardless of whether a meeting has been called to elect directors)

The confidentiality provisions set forth in this Commitment Letter shall survive the termination of this Commitment Letter.

Neither party may assign its rights or obligations under this Commitment Letter or designate another individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or any other entity or organization (each, a "**Person**") (a) to perform all or part of its obligations under this Commitment Letter or (b) to have all or part of its rights and benefits under this Commitment Letter, in each case without the prior written consent of you and Investor; provided that Investor may assign its rights and obligations under this Commitment Letter to one or more of its affiliates without your prior written consent. In the event of any assignment in accordance with the terms of this Commitment Letter, the assignee shall specifically assume and be bound by the provisions of this Commitment Letter by executing a written agreement to be bound by and subject to the provisions of this Commitment Letter and shall deliver an executed counterpart signature page to this Commitment Letter and, notwithstanding such assumption or agreement to be bound hereby by an assignee, no such assignment shall relieve any party assigning any interest hereunder from its obligations or liability pursuant to this Commitment Letter; provided however, that Investor shall be relieved of its obligations and liabilities to the extent such assigned commitment is actually funded.

All notices, demands and other communications hereunder shall be in writing and shall be deemed given if delivered personally (notice deemed given upon receipt), by email transmission (notice

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deemed given upon confirmation of receipt) or sent by a nationally recognized overnight courier service, such as Federal Express (notice deemed given upon receipt of proof of delivery), to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to Investor, to:

All Js Greenspace LLC
4300 East 5th Avenue
Columbus, Ohio 43215
Attention: Benton Kraner
Email: ben.kraner@spgroup.com

If to the Company, to:

Green Growth Brands Inc.
4300 East 5th Avenue
Columbus, Ohio 43215
Attention: Peter Horvath
Email: phorvath@greengrowthbrands.com

This Commitment Letter and the commitments and agreements hereunder are intended to be solely for the benefit of the parties hereto and do not and are not intended to confer any benefits upon, or create any rights in favor of, any Person other than the parties hereto. This Commitment Letter may not be amended or any provision hereof waived or modified except by an instrument in writing signed by Investor and you. This Commitment Letter may be executed in any number of counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one agreement. Delivery of an executed counterpart of a signature page of this Commitment Letter by facsimile transmission or other electronic transmission (i.e., a "pdf" or "tif") shall be effective as delivery of a manually executed counterpart hereof. This Commitment Letter (a) is the only agreement that has been entered into among the parties hereto with respect to Investor's commitments with respect to the Investment and (b) supersedes all prior understandings, whether written or oral, among us with respect to the Investment and sets forth the entire understanding of the parties hereto with respect thereto.

EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY OR ON BEHALF OF ANY PARTY RELATED TO OR ARISING OUT OF THIS COMMITMENT LETTER OR THE TRANSACTIONS CONTEMPLATED HEREBY.

This Commitment Letter shall be governed by, and construed and interpreted in accordance with, the laws in force in the Province of Ontario, including the federal laws of Canada applicable therein.

If the foregoing correctly sets forth our agreement, please indicate your acceptance of the terms of this Commitment Letter by returning to Investor (or its legal counsel), executed counterparts hereof not later than 11:59 p.m., Toronto time, on August 13, 2019 (or such later date as Investor may agree in writing). Investor's commitments and obligations hereunder will expire at such time in the event that Investor has not received such executed counterparts in accordance with the immediately preceding sentence. If you do so execute and deliver to us this Commitment Letter at or prior to such time, we agree

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to hold our commitment to provide the Investment and our other undertakings in connection therewith available for you until the earliest of (a) termination of, or failure to complete, the Offering, (b) a Company Change of Control and (c) the expiry of the Term. Upon the occurrence of any of the events referred to in the preceding sentence, this Commitment Letter and Investor's commitment hereunder shall automatically terminate unless Investor shall agree to an extension in writing.

Without limiting any conditions set forth herein, in the event that, during the period between the date hereof and the termination of all purchase or sale obligations hereunder, the number or class of any outstanding shares of the Company's capital stock is changed into a different number or a different class of shares as a result of a reclassification, stock split (including a reverse stock split), stock dividend, recapitalization or other similar transaction, then the share and dollar amounts set forth herein shall be equitably adjusted, without duplication, to reflect such change.

[Signature Page Follows]

Very truly yours,

ALL JS GREENSPACE LLC

By: (signed) "Benton Kraner"

Name: Benton Kraner

Title: Manager

Accepted and agreed to as of the date first above written:

GREEN GROWTH BRANDS INC.

By: (signed) "Peter Horvath"
Name: Peter Horvath
Title: Chief Executive Officer

Exhibit A

Prospectus

[See attached]

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

*The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories, possessions or the District of Columbia (the "**United States**") or to a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act) (a "**U.S. Person**") unless exemptions from the registration requirements of the U.S. Securities Act and any applicable state securities laws are available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States or to, or for the account or benefit of, any U.S. Person. See "Plan of Distribution".*

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Green Growth Brands Inc. at 4300 East Fifth Ave., Columbus, Ohio 43219, telephone (647) 495-8798, and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

NEW ISSUE

August 15, 2019



GREEN GROWTH BRANDS INC.

\$50,225,000

20,500,000 Units

This short form prospectus (the "**Prospectus**") qualifies the distribution (the "**Offering**") of units (the "**Offered Units**") of Green Growth Brands Inc. (the "**Company**" or "**GGB**") at a price of \$2.45 per Offered Unit (the "**Offering Price**") for aggregate gross proceeds of \$50,225,000. Each Unit consists of one common share in the capital of the Company (a "**Unit Share**") and one half of one common share purchase warrant of the Company (each full warrant, a "**Warrant**"). Each Warrant will entitle the holder thereof to acquire one common share of the Company (a "**Warrant Share**") at a price of \$3.50 per Warrant Share, subject to adjustment in certain events, for a period of 3 years following the Closing Date (as hereinafter defined). The Warrants will be issued pursuant to, and governed by, a warrant indenture to be entered into on the Closing Date (the "**Warrant Indenture**") between the Company and Capital Transfer Agency, ULC (the "**Warrant Agent**").

The Offered Units are being issued pursuant to an underwriting agreement dated July 29, 2019 (the "**Underwriting Agreement**") by and among the Company, Canaccord Genuity Corp. ("**Canaccord**"), as lead underwriter, Eight Capital, Cormark Securities Inc., GMP Securities L.P., Paradigm Capital Inc., Beacon Securities Limited and Haywood Securities Inc. (collectively with Canaccord, the "**Underwriters**").

Under certain circumstances, the Underwriters may offer the Offered Units at a lower price than the Offering Price. See “Plan of Distribution”.

The Company’s common shares (the “**Common Shares**”) are traded on the Canadian Securities Exchange (“**CSE**”) under the symbol “GGB” and are also listed on the US OTC Venture Market (the “**OTCQB**”) under the symbol “GGBXF”. On July 8, 2019, the last trading day prior to the announcement of the Moxie Business Combination (as defined herein), the closing price of the Common Shares on the CSE was \$3.18 and the closing price of the Common Shares on the OTCQB was US\$2.44. On July 23, 2019, the last trading day prior to the announcement of the Offering, the closing price of the Common Shares on the CSE was \$2.69 and the closing price of the Common Shares on the OTCQB was US\$2.02. On August 14, 2019, the last trading day before the date of this Prospectus, the closing price of the Common Shares on the CSE was \$1.97 and the closing price of the Common Shares on the OTCQB was US\$1.48. The Company has given notice to list the Unit Shares, the Warrant Shares and the Warrants on the CSE. Listing will be subject to the Company fulfilling all the listing requirements of the CSE.

There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased under this Prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation. See “Risk Factors”.

Each of All Js Greenspace LLC, Peter Horvath, Brian Logan, Jean Schottenstein, Steve Stoute and Marc Lehmann, is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, as the case may be, and has appointed the Company at its registered office set forth below as its agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the person has appointed an agent for service of process.

The registered office of the Company is c/o 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario, M5L 1B9 and the head office of the Company is 4300 East Fifth Ave., Columbus, Ohio 43219.

Price: \$2.45 per Offered Unit

	Price to the Public ⁽¹⁾	Underwriter’s Fee ⁽²⁾	Net Proceeds to the Company ⁽³⁾
Per Offered Unit	\$2.45	\$0.1715	\$2.2785
Total Offering	\$50,225,000	\$3,515,750	\$46,709,250

Notes:

- (1) The Offering Price was determined by arm’s length negotiation between the Company and the Underwriters with reference to the prevailing market price of the Common Shares.
- (2) The Company has agreed to pay the Underwriters a cash fee (the “**Underwriters’ Fee**”) equal to 7% of the gross proceeds from the Offering (including any gross proceeds raised on exercise of the Over-Allotment Option (as defined below)). See “*Plan of Distribution*”.
- (3) After deducting the Underwriters’ Fee, but before deducting the expenses of the Offering (estimated to be approximately \$1,000,000), which will be paid from the proceeds of the Offering.
- (4) The Underwriters have been granted an over-allotment option, exercisable, in whole or in part, at the sole discretion of the Underwriters, for a period of thirty (30) days from and including the Closing Date (as defined herein), to purchase up to an additional 3,075,000 additional Offered Units (the “**Over-Allotment Units**”) at the Offering Price to cover the Underwriters’ over-allocation position, if any, and for market stabilization purposes (the “**Over-Allotment Option**”). The Over-Allotment Option may be exercised by the Underwriters to acquire: (i) up to an additional 3,075,000 Over-Allotment Units at the Offering Price; (ii) up to 3,075,000 additional Unit Shares (the “**Over-Allotment Shares**”) at a price of \$2.24 per Over-Allotment Share (the “**Over-Allotment Share Price**”); (iii) up to 1,537,500 additional Warrants (the “**Over-Allotment Warrants**”) at a price of \$0.42 per Over-Allotment Warrant (the “**Over-Allotment Warrant Price**”); or (iv) any combination of Over-Allotment Units at the Offering Price, Over-Allotment Shares at the Over-Allotment Share Price and Over-Allotment Warrants at the Over-Allotment Warrant Price, provided that the aggregate number of Over-Allotment Shares which may be issued under the Over-Allotment Option does not exceed 3,075,000 Over-Allotment Shares and the aggregate number of Over-Allotment Warrants which may be issued under the Over-Allotment Option does not exceed 1,537,500 Over-Allotment Warrants. The Over-Allotment Option is exercisable by the Underwriters giving notice to the Company in the time herein provided, which notice shall specify the number of Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants to be purchased. If the

Over-Allotment Option is exercised in full, the total “Price to the Public”, “Underwriter’s Fee” and “Net Proceeds to the Company” will be \$57,758,750.00, \$4,043,112.50 and \$53,715,637.50, respectively. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Over-Allotment Units, Over-Allotment Shares or Over-Allotment Warrants forming part of the Underwriters’ over-allocation position acquires those Over-Allotment Units, Over-Allotment Shares or Over-Allotment Warrants under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution”.

The following table sets out the maximum number of securities under options issuable to the Underwriters in connection with the Offering:

Underwriter’s Position	Maximum Number of Securities	Exercise Period	Exercise Price
Over-Allotment Option ⁽¹⁾	3,075,000 Over-Allotment Units	For a period of 30 days from and including the Closing Date	\$2.45 per Over-Allotment Unit \$2.24 per Over-Allotment Share \$0.42 per Over-Allotment Warrant

Note:

(1) This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of all securities issuable thereunder. See “Plan of Distribution”.

Unless the context otherwise requires, when used herein, all references to “Offered Units” include the Over-Allotment Units issuable upon exercise of the Over-Allotment Option, all references to “Unit Shares” include the Over-Allotment Shares issuable upon exercise of the Over-Allotment Option, all references to “Warrants” include the Over-Allotment Warrants issuable upon exercise of the Over-Allotment Option and all references to “Warrant Shares” include the Common Shares issuable upon exercise of the Over-Allotment Option.

The Underwriters propose to offer the Offered Units initially at the Offering Price. After the Underwriters have made commercially reasonable efforts to sell all of the Offered Units at the Offering Price, the Offering Price may be decreased, and further changed from time to time, to an amount not greater than the Offering Price, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers of Offered Units is less than the gross proceeds to be paid by the Underwriters to the Company. Subject to applicable laws and in connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Offered Units at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

Canaccord and/or its affiliates from time to time have provided in the past, and may provide in the future, investment banking, financial advisory, broker-dealer and commercial banking services to the Company and its subsidiaries and affiliates in the ordinary course of business for which they have received, or may receive, customary fees and commissions, including in connection with Canaccord providing financial advisory services and a fairness opinion as part of the Moxie Business Combination. **Accordingly, the Company may be considered a “connected issuer”, as such term is defined in National Instrument 33-105 – Underwriting Conflicts, of Canaccord for the purposes of applicable securities legislation in each of the provinces of Canada. See “Plan of Distribution”. Other than the Underwriters Fee to be allocated to the Underwriters pursuant to the terms of the Underwriting Agreement (as defined herein), the proceeds of the Offering will not be allocated or applied, directly or indirectly, for the benefit of Canaccord. The decision to offer Offered Units was made solely by the Company and the terms upon which the Offered Units are being offered were determined by arm’s length negotiations between the Company and the Underwriters.**

Investing in the Offered Units involves certain risks that should be considered by a prospective purchaser including those risks inherent to the industries in which the Company operates. The risk factors identified under the heading “Risk Factors” in this Prospectus and in other documents incorporated herein by reference, should be carefully reviewed and evaluated by prospective purchasers before purchasing the Offered Units being

offered hereunder.

The Underwriters, as principal, conditionally offer the Offered Units, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “*Plan of Distribution*”, and subject to the approval of certain legal matters on behalf of the Company by Stikeman Elliott LLP and on behalf of the Underwriters by DLA Piper (Canada) LLP.

Subscriptions for the Offered Units will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about August 21, 2019, or such other date as may be agreed upon by the Company and the Underwriters, but in any event not later than forty-two (42) days after the date of the receipt for the (final) short form prospectus (the “**Closing Date**”).

It is anticipated that the Offered Units will be delivered under the book-based system through CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee and deposited in electronic form. A purchaser of Offered Units will receive only a customer confirmation from the registered dealer from or through which the Offered Units are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Offered Units on behalf of owners who have purchased Offered Units in accordance with the book-based system. No definitive certificates will be issued unless specifically requested or required. See “*Plan of Distribution*”.

This Prospectus qualifies the distribution of securities of an entity that currently derives, directly, a substantial portion of its current revenues from the cannabis industry in certain U.S. states, which industry is illegal under U.S. Federal law and enforcement of relevant laws is a significant risk. The Company is directly involved (through its licensed subsidiaries) in the adult-use cannabis industry in the States of Nevada and Massachusetts which states have regulated such industries. Currently, the Company is directly engaged in, or pursuing operations regarding, the cultivation, possession, use, sale and distribution of medical and adult-use cannabis in such states. As a result of the recent closing of the Spring Oaks Acquisition (as defined herein), the Company is also directly engaged in the sale of medical cannabis in the State of Florida. The State of Florida has not legalized the adult-use of cannabis.

On July 9, 2019, the Company announced that it had entered into a securities acquisition and contribution agreement, dated July 8, 2019, with, among others, MXY Holdings LLC (“Moxie”) under which a new Ontario limited partnership (“GGP LP”), of which GGB will be the general partner, will acquire the operating companies of GGB and the issued and outstanding units of Moxie, an arm’s length third party, in an all-equity interest transaction (the “Moxie Business Combination”). As part of the Moxie Business Combination, GGP LP will also be directly or indirectly acquiring shares of MXY C, INC. and MXY D, INC., Delaware entities within the Moxie structure, and Moxie’s equity interests in two entities, PurePenn LLC and Pure CA, LLC, with which Moxie has current contribution agreements (subject to regulatory approval). Moxie is a multistate operator with distribution (or future distribution), either directly or indirectly through affiliates or investees, in the California, Nevada, Arizona, Pennsylvania, New Jersey and Ohio markets and its products are distributed in over 250 dispensaries across the United States. Closing of the Moxie Business Combination is expected to occur prior to January 2020 and remains subject to the satisfaction of various closing conditions, including receipt of all necessary regulatory approvals for the transfer of the cannabis-related licenses of Moxie by local and state authorities in each of the markets where Moxie’s assets and licenses are held. There are no assurances that the Moxie Business Combination will be completed, or if completed, will be on the terms that are exactly the same as disclosed in this Prospectus. Upon closing of the Moxie Business Combination, the Company will be directly or indirectly through affiliates or investees engaged, as applicable, in the wholesale and retail medical and adult-use markets in the States of California, Nevada, Arizona, Pennsylvania, New Jersey, Ohio, Florida and Massachusetts. See “*Recent Developments*”, “*The Moxie Business Combination*” and “*Risk Factors*”.

The United States federal government regulates drugs through the Controlled Substances Act (21 U.S.C. § 811) (the “CSA”), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under

medical supervision. The United States Food and Drug Administration has not approved marijuana as a safe and effective drug for any indication.

In the United States, marijuana is largely regulated at the State level. State laws regulating cannabis are in direct conflict with the federal CSA, which makes cannabis use and possession federally illegal. Although certain states authorize medical or adult-use cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal, and any such acts are criminal acts under federal law. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and, in case of conflict between federal and State law, the federal law shall apply. Third party service providers could suspend or withdraw services as a result of the Company operating in an industry that is illegal under United States federal law.

On January 4, 2018, then United States Attorney General Sessions issued a memorandum (the “Sessions Memo”) to all United States Attorneys which rescinded previous guidance from the U.S. Department of Justice specific to cannabis enforcement in the United States, including the Cole Memo (as defined herein). With the Cole Memo rescinded, and United States federal prosecutors having no further guidance relating to prosecution of cannabis-related violations of U.S. federal law, discretion on whether or not to prosecute such alleged violations has reverted to each respective U.S. Attorney to make such a determination. In the absence of such uniform federal guidance, as had been established by the Cole Memo, numerous United States Attorneys with state-legal marijuana programs within their jurisdictions have announced enforcement priorities for their respective offices. For instance, Andrew Lelling, United States Attorney for the District of Massachusetts, stated that while his office would not immunize any businesses from federal prosecution, he anticipated focusing the office’s marijuana enforcement efforts on: (1) overproduction; (2) targeted sales to minors; and (3) organized crime and interstate transportation of drug proceeds. Other United States Attorneys provided less assurance, promising to enforce federal law, including the CSA in appropriate circumstances. United States Attorney General Sessions resigned on November 7, 2018. He was replaced by William Barr on February 14, 2019. It is unclear what specific impact this development will have on U.S. federal government enforcement policy as the Department of Justice under Mr. Barr has not taken a formal position on federal enforcement of laws relating to cannabis. However, during his confirmation, and in response to written inquiries by U.S. Senators, Mr. Barr stated that “[he does] not intend to go after parties who have complied with state law in reliance on the Cole Memorandum.” Mr. Barr has also stated that, while his preference would be to have a uniform federal rule addressing cannabis; absent such a uniform position, his preference would be to permit the existing federal approach of allowing individual states or territories to determine cannabis policy and to trust the judgment of U.S. prosecutors on how to enforce U.S. federal law. If the Department of Justice policy under Attorney General Barr was to prosecute cannabis-related business, including but not limited to any investors, financiers, employees, officers and managers, and United States Attorneys followed such Department of Justice policies through pursuing prosecutions, then the Company could face (i) seizure of its cash and other assets used to support or derived from its cannabis operations and (ii) the arrest of its employees, directors, officers and managers. There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends U.S. federal law with respect to cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current U.S. federal law. If the United States federal government begins to enforce United States federal laws relating to cannabis in states where the sale and use of cannabis is currently legal under state law, or if existing applicable state laws are repealed or curtailed, the Company’s business, results of operations, financial condition and prospects would be materially adversely affected.

Although the Cole Memo has been rescinded, one legislative safeguard for the medical marijuana industry remains in place: Congress has passed a so-called “rider” provision in the FY 2015, 2016, 2017 and 2018 Consolidated Appropriations Acts 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. The rider is known as the “Rohrabacher-Farr” Amendment after its original lead sponsors (it is also sometimes referred to as the “Rohrabacher-Blumenauer” or “Joyce-Leahy” Amendment, but

it is referred to in this Prospectus as “Rohrabacher-Farr”). Most recently, the Rohrabacher-Farr Amendment (now known colloquially as the “Joyce-Leahy Amendment” after its most recent sponsors) was included in the Consolidated Appropriations Act of 2019, which was signed by President Trump on February 14, 2019 and funds the departments of the federal government through the fiscal year ending September 30, 2019. In signing the Act, President Trump issued a signing statement noting that the Act “provides that the Department of Justice may not use any funds to prevent implementation of medical marijuana laws by various States and territories,” and further stating “I will treat this provision consistent with the President’s constitutional responsibility to faithfully execute the laws of the United States.” While the signing statement can fairly be read to mean that the executive branch intends to enforce the CSA and other federal laws prohibiting the sale and possession of medical marijuana, the President did issue a similar signing statement in 2017 and no major federal enforcement actions followed. The Rohrabacher-Farr Amendment expires on September 30, 2019. See *“Regulatory Overview – Federal Regulatory Environment”*. The latest iteration of the Rohrabacher-Farr Amendment (referred to as the “Blumenauer-McClintock-Norton Amendment”), which was adopted by the U.S. House of Representatives on June 20, 2019, would extend the requirements of the Rohrabacher-Farr Amendment to all states and tribal lands with legal marijuana regulations, not only those where medical marijuana is legal.

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

Marijuana remains a Schedule I controlled substance at the federal level, and neither the Cole Memo nor its rescission nor the continued passage of the Rohrabacher-Farr Amendment has altered that fact. The federal government of the United States has always reserved the right to enforce federal law in regard to the sale and disbursement of medical or adult-use marijuana, even if state law sanctions such sale and disbursement. If the United States federal government begins to enforce United States federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Company’s business, results of operations, financial condition and prospects would be materially adversely affected.

Additionally, under United States federal law, it may potentially be a violation of federal anti-money laundering statutes for financial institutions to take any proceeds from the sale of any Schedule I controlled substance. Due to the CSA categorization of marijuana as a Schedule I drug, federal law makes it illegal for financial institutions that depend on the Federal Reserve’s money transfer system to take any proceeds from marijuana sales as deposits. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses under the United States Currency and Foreign Transactions Reporting Act of 1970 (the “Bank Secrecy Act”) as amended by Title III of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001*. Therefore, under the Bank Secrecy Act, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be charged with money laundering or conspiracy. Despite the absence of express banking protections under U.S. federal law, the FinCEN Guidance (as described herein), which was adopted by the U.S. Department of the Treasury in 2014 and remains in place presently, advised prosecutors not to focus their enforcement efforts on banks and other financial institutions that serve marijuana-related businesses so long as that business is legal in their state and none of the federal enforcement priorities referenced in the Cole Memo are being violated.

The Company’s objective is to capitalize on the opportunities presented as a result of the changing regulatory environment governing the cannabis industry in the United States. Accordingly, there are a number of significant risks associated with the business of the Company. Unless and until the U.S. Congress amends the CSA with

respect to adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law, and the business of the Company may be deemed to be producing, cultivating, extracting, or dispensing cannabis or aiding or abetting or otherwise engaging in a conspiracy to commit such acts in violation of federal law in the United States.

In light of the political and regulatory uncertainty surrounding the treatment of United States cannabis related activities, on February 8, 2018, the Canadian Securities Administrators published CSA Staff Notice 51-352 – *(Revised) Issuers with U.S. Marijuana-Related Activities* (the “Staff Notice 51-352”) setting out the Canadian Securities Administrator’s disclosure expectations for specific risks facing issuers with cannabis related activities in the United States. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with United States cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the United States cannabis industry. The Company is directly involved in the cultivation and distribution of cannabis in the United States for purposes of Staff Notice 51-352.

For these reasons, the Company’s involvement in the U.S. cannabis market may subject the Company to heightened scrutiny by regulators, stock exchanges, clearing agencies and other U.S. and Canadian authorities. There can be no assurances that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company’s ability to operate in the United States or any other jurisdiction. There are a number of risks associated with the business of the Company. See the sections entitled “*Regulatory Overview*” and “*Risk Factors*” in this Prospectus, and the sections entitled “*Issuers with U.S. Cannabis-Related Assets*” and “*Risk Factors*” in the AIF (as defined herein).

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GENERAL MATTERS

Prospective investors should rely only on the information contained in, or incorporated by reference into, this Prospectus. Neither the Company nor any Underwriter has authorized anyone to provide prospective investors with information different from that contained in, or incorporated by reference into, this Prospectus. The Company is offering to sell, and seeking offers to buy, Offered Units only in jurisdictions where, and to persons to whom, offers and sales are lawfully permitted. The information contained in or incorporated by reference into this Prospectus is accurate only as of the date of this Prospectus or the date of the document incorporated by reference, as applicable, regardless of the time of delivery of this Prospectus or of any sale of Offered Units.

The securities of the Company should be regarded as highly speculative and an investment in the securities of the Company should only be made by persons who can afford a significant or total loss of their investment. The risks outlined in this Prospectus and in the documents incorporated by reference herein should be carefully reviewed and considered by prospective investors in connection with an investment in such securities. See “Forward-Looking Statements” and “Risk Factors”.

In this Prospectus, references to “GGB” and the “Company” refer to Green Growth Brands Inc. and its subsidiaries, unless the context otherwise states.

All monetary amounts set forth in this Prospectus are stated in Canadian dollars, except where otherwise indicated. References to “\$” are to Canadian dollars. All references to “US\$” refer to United States dollars.

The following table sets forth (i) the rate of exchange for the U.S. dollar, expressed in Canadian dollars, in effect at the end of the periods indicated; (ii) the average exchange rates for the U.S. dollar, expressed in Canadian dollars, on the last day of each month during such periods; and (iii) the high and low exchange rates for the U.S. dollars, expressed in Canadian dollars, during such periods, each chased on the noon rate of exchange as reported by the Bank of Canada:

	Year Ended December 31,		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Rate at end of period	1.3642	1.2545	1.3427
Average rate during period	1.2957	1.2986	1.3245
Highest rate during period	1.3642	1.3743	1.4559
Lowest rate during period	1.2288	1.2128	1.2497

On August 14, 2019, the daily exchange rate for the United States dollar in terms of Canadian dollars, as quoted by the Bank of Canada, was US\$1.00 = \$1.3311.

FORWARD-LOOKING INFORMATION

This Prospectus and the documents incorporated herein by reference contain certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “**forward-looking statements**”). These statements relate to future events or to the future performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements are based upon the Company’s internal expectations, estimates, projections, assumptions and beliefs as at the date the information is given and is based on information available to management at such time. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. The forward-looking statements in this Prospectus and the documents incorporated herein by reference speak only as of the date hereof or as of the date

specified in such statements. Forward-looking statements in this Prospectus and the documents incorporated by reference herein include, but are not limited to, statements with respect to:

- the completion of the Offering and the receipt of all regulatory and stock exchange approvals in connection therewith;
- the use of the net proceeds of the Offering;
- the realization of the strategic and operational benefits expected from the Moxie Business Combination and Spring Oaks Acquisition;
- the performance of the Company's business and operations;
- the intention to grow the business, operations and potential activities of the Company;
- the ongoing and proposed expansion of the Company's facilities;
- the expected growth in the number of individuals using the Company's cannabis, cannabis oil extracts and other cannabis related products;
- the expected growth in the number of individuals using the Company's cannabidiol ("**CBD**")-infused consumer products;
- the expected growth in the Company's capacity to grow and cultivate cannabis, cannabis oil extracts, and other cannabis-related products for both medical and adult-use;
- the anticipated addition of new retail locations;
- the expectation regarding the opening of additional retail locations in Nevada;
- the expansion of the existing relationship with Abercrombie & Fitch with the sale of certain CBD products to as many as 160 stores;
- the purchase order from American Eagle Outfitters representing potential sales of CBD infused personal care products in nearly 500 stores and online starting October 2019;
- the realization of the strategic and operational benefits expected from the Henderson Acquisition and the exercise of its warrants in Nevada;
- the intention to open additional mall-based CBD kiosk shops;
- the competitive conditions of the industry;
- the applicable laws, regulations and any amendments thereof;
- the competitive business strategies of the Company;
- the completion of the Proposed Debt Financing;
- the grant and impact of any licenses or supplemental license to conduct activities with cannabis and/or cannabis oil extracts or any amendments thereof;
- the anticipated future gross revenues and profit margins of the Company's operations;
- the proposed and anticipated changes to Canadian federal laws and provincial regulations regarding the adult-use market and the business impacts on the Company;
- the proposed and anticipated changes to U.S. federal, state and local laws regarding the adult-use market and the business impacts on the Company; and
- the proposed and anticipated changes to U.S. federal, state and local laws regarding the manufacturing, distribution and sale of CBD and CBD-infused consumer products.

Certain of the forward-looking statements contained in this Prospectus and incorporated by reference herein concerning the medical cannabis and cannabis oil extracts industry, the anticipated adult-use market, the anticipated CBD-infused consumer products industry, the general expectations of the Company related thereto, and the Company's business and operations 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 this industry which the Company believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While the Company is not aware of any misstatement regarding any industry or government data presented herein, or in other documents incorporated herein by reference, the current medical cannabis and cannabis oil extracts industry, the current CBD-infused consumer products industry, and the future anticipated adult-use market in Canada and the U.S. involves risk and uncertainty and is subject to change based on various factors.

In particular, this Prospectus contains forward-looking statements in connection with the anticipated Closing Date, the anticipated CSE approval, the anticipated use of the net proceeds of the Offering and the anticipated closing of the Moxie Business Combination. Purchasers are cautioned that the above list of cautionary statements is not exhaustive. A number of factors could cause actual events, performance or results to differ materially from what is projected in

forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Company. Additional factors are noted under the heading “*Risk Factors*” in this Prospectus and in other documents incorporated herein by reference. 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 Prospectus or in any document incorporated by reference into this Prospectus. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. The forward-looking statements contained in this Prospectus and the documents incorporated by reference into this Prospectus are expressly qualified in their entirety by this cautionary statement.

PRESENTATION OF FINANCIAL INFORMATION

The financial statements of the Company incorporated by reference into this Prospectus are reported in United States dollars. Unless otherwise indicated, all financial information of the Company included and incorporated by reference in this Prospectus has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements of Moxie included in this Prospectus are reported in United States dollars. Unless otherwise indicated, all financial information of Moxie included in this Prospectus has been prepared in accordance with United States generally accepted accounting principles.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Green Growth Brands Inc. at 4300 East Fifth Ave., Columbus, Ohio 43219, telephone (647) 495-8798, and are also available electronically at www.sedar.com.

Except to the extent that their contents are modified or superseded by a statement contained in this Prospectus or any subsequently filed document that is also incorporated by reference herein, the following documents of the Company, which have been filed with the securities commissions or similar authorities in the provinces of British Columbia, Alberta, Ontario, Quebec and Nova Scotia, are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) the annual information form of the Company for the financial year ended June 30, 2018 (the “**AIF**”);
- (b) the management information circular of the Company dated October 12, 2018 prepared in connection with the Company’s annual and special shareholders’ meeting held on November 2, 2018 (the “**RTO Information Circular**”) regarding, among other things, the business combination and the acquisition of all of the issued and outstanding securities of “Green Growth Brands Ltd.” (the “**RTO Acquiror**”), a private company (the “**RTO Transaction**”), which includes the following contained therein:
 - i. the RTO Acquiror’s audited financial statements for the period from commencement of operations on February 14, 2018 to July 31, 2018 and related notes thereto, together with the independent auditors’ report thereon (the “**RTO Acquiror Financial Statements**”);
 - ii. the RTO Acquiror’s management’s discussion and analysis for the period from commencement of operations on February 14, 2018 to July 31, 2018 (the “**RTO Acquiror MD&A**”); and

- iii. the *pro forma* financial statements of the RTO Acquiror as at June 30, 2018;
- (c) the Company's audited financial statements as at and for the financial year ended June 30, 2018, and related notes thereto, together with the independent auditors' report thereon (the "**Annual Company Financial Statements**");
- (d) the Company's management discussion and analysis for the financial year ended June 30, 2018 (the "**Annual Company MD&A**");
- (e) the Company's unaudited interim consolidated financial statements as at and for the three and nine months ended March 31, 2019 and for the period February 14, 2018 (date of incorporation) to March 31, 2018 and related notes thereto (the "**Interim Company Financial Statements**");
- (f) the Company's management discussion and analysis for three and nine months ended March 31, 2019 and the period ended March 31, 2018 (the "**Interim Company MD&A**");
- (g) the business acquisition report of the Company dated September 24, 2018 in respect of the Company's acquisition of Nevada Organic Remedies LLC;
- (h) the material change report of the Company dated July 29, 2019 in respect of the Offering;
- (i) the term sheet dated July 23, 2019, filed on SEDAR in connection with the Offering (the "**Marketing Materials**");
- (j) the material change report of the Company dated July 18, 2019 in respect of the Company entering into a securities acquisition and contribution agreement with, among others, Moxie (as defined herein), under which a new Ontario limited partnership, GGB LP (as defined herein), of which the Company will be the general partner, will acquire the operating companies of the Company and the issued and outstanding units of Moxie, an arm's length third party, in an all-equity interest transaction (the "**Moxie Material Change Report**");
- (k) the material change report of the Company dated April 25, 2019 in respect of the Company (i) entering into a definitive agreement with Aphria Inc. ("**Aphria**") to shorten the expiry time for acceptance of its formal offer to acquire all of the issued and outstanding common shares of Aphria and (ii) the Company entering into a definitive agreement with GA Opportunities Corp. ("**GAOP**") to repurchase for cancellation 27,300,000 common shares of the Company held by GAOP;
- (l) the material change report of the Company dated January 31, 2019 in respect of the appointment of Peter Horvath as Chief Executive Officer;
- (m) the material change report of the Company dated January 31, 2019 in respect of the appointment of Brian Logan as Chief Financial Officer;
- (n) the material change report of the Company dated January 31, 2019, in respect of a commitment letter with All Js, pursuant to which All Js committed to subscribe for up to \$150 million of common shares of the Company as a backstop to the Company's proposed \$300 million equity financing of common shares;
- (o) the material change report of the Company dated December 18, 2018, in respect of the Company's agreement to accept an irrevocable option to acquire, among other things, all of the membership interests of Henderson Organic Remedies, LLC;

- (p) the material change report of the Company dated December 18, 2018, in respect of the Company's agreement to acquire a Pahrump, Nevada cultivation facility operated by Wellness Orchards of Nevada LLC and Panorama WON LLC;
- (q) the material change report of the Company dated December 12, 2018, in respect of the Company's agreement to acquire all of the issued and outstanding membership interests of Just Healthy LLC;
- (r) the material change report of the Company dated November 16, 2018 in respect of the completion of the RTO Transaction (as defined herein); and
- (s) the material change report of the Company dated July 17, 2018 in respect of the Company entering into a business combination agreement with the RTO Acquiror in connection with the RTO Transaction and the Company's agreement to acquire all of the membership interests of Nevada Organic Remedies LLC.

Any documents of the type referred to in paragraphs (a)-(s) above or similar material and any documents required to be incorporated by reference into this Prospectus pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions*, including any annual information form, all material change reports (excluding confidential reports, if any), all annual and interim financial statements and management's discussion and analysis relating thereto, or information circular or amendments thereto that the Company files with any securities commission or similar regulatory authority in Canada after the date of this Prospectus and prior to the termination of this Offering will be deemed to be incorporated by reference in this Prospectus and will automatically update and supersede information contained or incorporated by reference in this Prospectus.

Any statement contained in this Prospectus or a document incorporated or deemed to be incorporated by reference into this Prospectus shall be deemed to be modified or superseded for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which is also, or is deemed to be, incorporated by reference into this Prospectus modifies, replaces or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed to constitute a part of this Prospectus, except as so modified or superseded.

MARKETING MATERIALS

The Marketing Materials are not part of this short form prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by any statement contained in this short form prospectus. Any "template version" of "marketing materials" (as such terms are defined in National Instrument 41-101 — *General Prospectus Requirements*), filed with the securities commission or similar authority in each of the provinces and territories of Canada in connection with the Offering after the date hereof but prior to the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Marketing Materials) is be deemed to be incorporated into this short form prospectus.

THE COMPANY

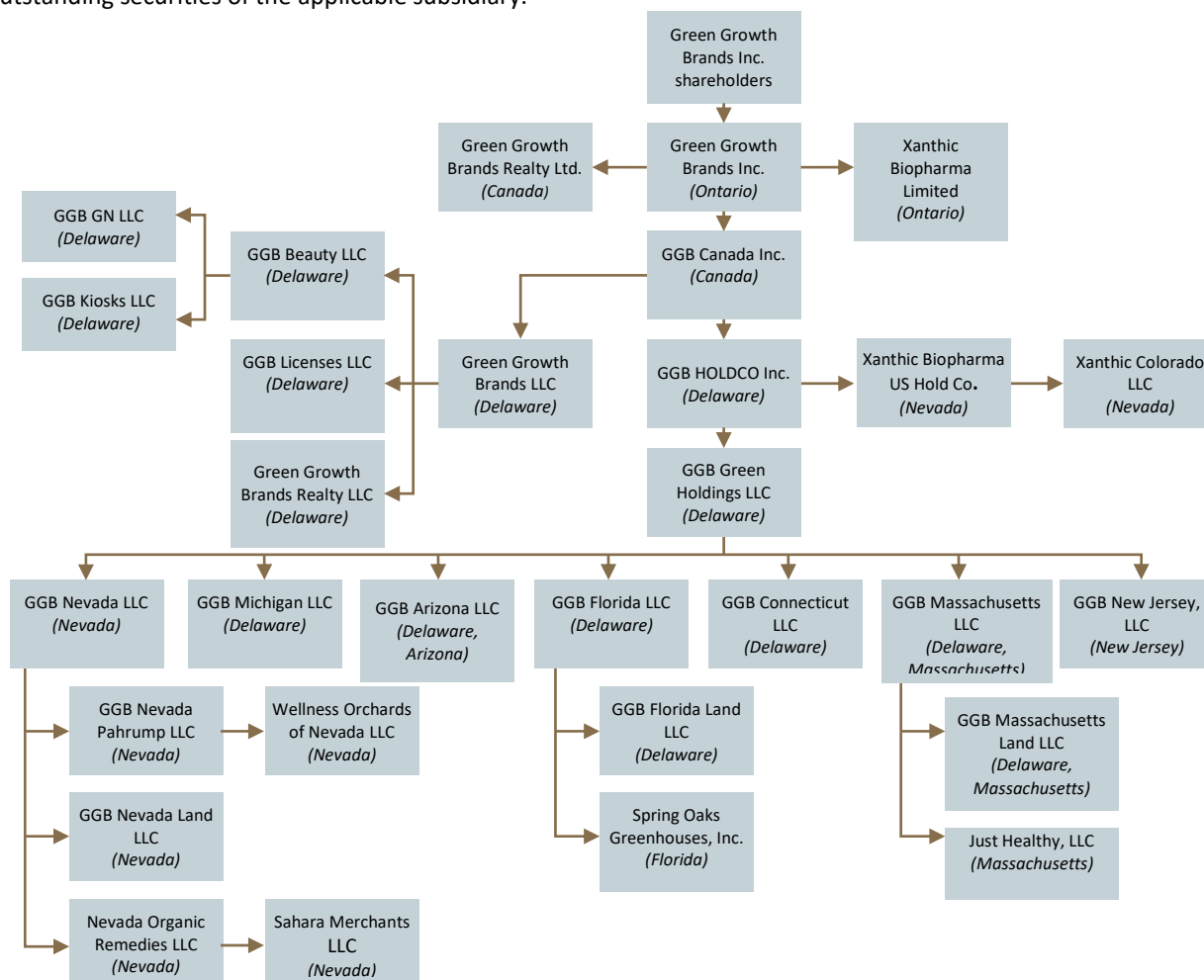
The Company is in the business of cultivating, processing, distributing, wholesaling, and retailing medical and adult-use cannabis, as well as the manufacture, marketing, wholesaling, and retailing of CBD-infused consumer products. The Company's business strategy is to continue to develop a premium cannabinoid brand offering, focusing on certain states in the United States where the sale of cannabis and CBD is not inconsistent with applicable law.

The Company intends to expand its retail and wholesale cannabis businesses as well as its CBD consumer products business through a combination of strategic partnerships, merger and acquisition activity, and organic license capture. The Company's objectives are to establish top-tier retail and medical cannabis locations, offer CBD-infused personal care products at retail via an expansive network of kiosks and brick-and-mortar locations, and distribute such CBD products at wholesale to larger national retailers. The Company has not received any commissions, incentives or other fees in connection with the operation of its medical cannabis business.

The Company's registered office is 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario M5L 1B9 and the head office of the Company is 4300 East Fifth Ave., Columbus, Ohio 43219. The Common Shares trade on the CSE under the symbol "GGB" and on the OTCQB under the symbol "GGBXF".

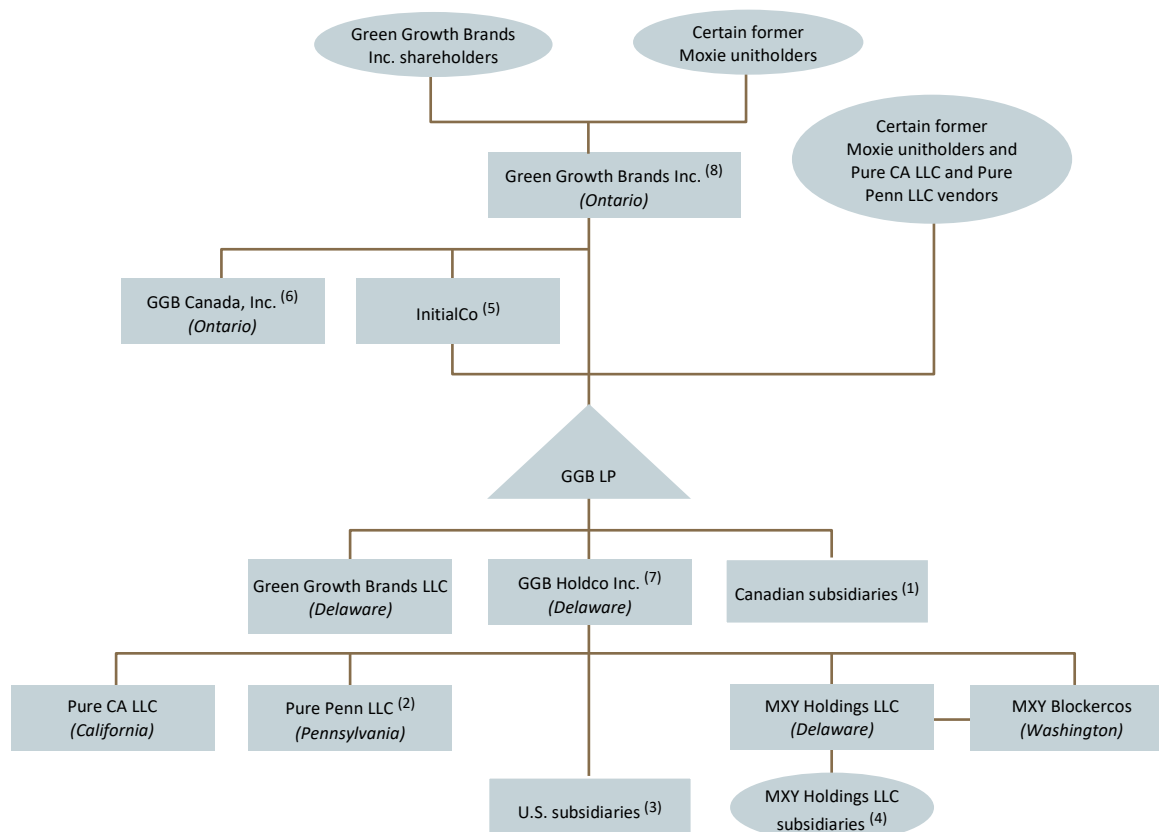
Corporate Structure Prior to Completion of Moxie Business Combination

The following chart illustrates the Company's corporate structure including details of the jurisdiction of formation of each subsidiary as of the date of this Prospectus. Unless otherwise noted all lines represent 100% ownership of outstanding securities of the applicable subsidiary.



Corporate Structure Following Completion of Moxie Business Combination

The following chart illustrates the Company's corporate structure including details of the jurisdiction of formation of each subsidiary following the completion of the Moxie Business Combination. Unless otherwise noted all lines represent 100% ownership of outstanding securities of the applicable subsidiary.



Notes:

- (1) Canadian subsidiaries include Green Growth Brands Realty Ltd. and Xanthic Biopharma Ltd.
- (2) GGB Holdco Inc. will own (subject to regulatory approval) a 17.18% interest in Pure Penn LLC. See *"Regulatory Overview"*.
- (3) U.S. subsidiaries include Xanthic Biopharma US Hold Co. (Timothy Moore serves as director), Xanthic Colorado LLC, GGB Green Holdings LLC, GGB Nevada LLC, GGB Michigan LLC, GGB Arizona LLC, GGB Florida LLC, GGB Connecticut LLC, GGB Massachusetts LLC, GGB New Jersey, LLC, GGB Nevada Pahrump LLC, Wellness Orchards of Nevada LLC, GGB Nevada Land LLC, Nevada Organic Remedies LLC (the board of managers consists of Andrew Jolley, Joseph Schottenstein, and Benton Kraner), Sahara Merchants LLC, GGB Florida Land LLC, Spring Oaks Greenhouses, Inc., GGB Massachusetts Land LLC and Just Healthy, LLC.
- (4) MXY Holdings LLC subsidiaries include MXY License Holdings, LLC, MXY Universal LLC, MXY Ancillary Holdings, LLC, ANACAPA MD, LLC, ANACAPA AZ, LLC, ANACAPA CA, LLC, ANACAPA NV, LLC, ANACAPA PA, LLC, ANACAPA MI, LLC, ANACAPA NJ, LLC, MXY Property Holdings, LLC, MXY Equipment Holdings, LLC, and SEVEN TEN HOLDINGS, LLC.
- (5) InitialCo will be incorporated in connection with the Moxie Business Combination. See *"Recent Developments"*.
- (6) The Board also serves as the board of directors for GGB Canada, Inc.
- (7) The board of directors for GGB Holdco Inc. consists of Peter Horvath and Randy Whitaker.
- (8) Unless otherwise indicated, the subsidiaries of the Company are member-managed entities and management of the Company is responsible for such subsidiaries.

Overview of the Company's Cannabis and CBD Businesses

Cannabis

The Company is the holder of the following state-issued licenses or certificates related to its cannabis operations, as further detailed under *"Regulatory Overview"*. In Nevada, the Company, through its subsidiary Nevada Organic Remedies LLC (**"NOR"**), holds a medical cultivation, adult-use cultivation, medical production, adult-use production, medical dispensary, adult-use dispensary, and distribution license. Each of the NOR licenses are for operations in

Unincorporated Clark County in Nevada. NOR also holds seven provisional adult-use dispensary licenses following the award of such provisional licenses by the State of Nevada Department of Taxation on December 5th, 2018 in the City of Las Vegas, the City of North Las Vegas, Nye County, Unincorporated Clark County, the City of Reno, Carson City, and the City of Henderson, which the Company is in the process of perfecting. Moratoriums on additional adult-use dispensaries remain in place in City of North Las Vegas, Unincorporated Clark County, Carson City, and the City of Henderson, and there can be no assurance that such provisional licenses will receive final approval. See *“Regulatory Overview”* and *“Risk Factors”*.

The Company is also the holder of medical cultivation and adult-use cultivation licenses through its subsidiary, Wellness Orchards of Nevada LLC (**“WON”**), which it operates in Nye County, Nevada. See *“Regulatory Overview”*.

The Company further expects to complete the Henderson Acquisition (as defined herein) on or around August 28, 2019, at which time it will operate two separate The+Source locations in the Las Vegas metropolitan area. Henderson Organic (as defined herein) holds a medical dispensary and retail dispensary license in the City of Henderson. See *“Recent Developments”* and *“Regulatory Overview”*.

The Company, through its subsidiary, Just Healthy LLC (**“Just Healthy”**), owns a provisional certificate of registration in the State of Massachusetts. This certificate enables Just Healthy to establish up to three medical dispensaries and a cultivation facility, with preferred treatment to be given for adult-use. The Company, as detailed below, anticipates opening an adult-use dispensary in Northampton, Massachusetts in early 2020. See *“Recent Developments”* and *“Regulatory Overview”*.

The Company announced the completion of the Spring Oaks Acquisition (as defined herein) on August 1, 2019. Spring Oaks (as defined herein) is the holder of a vertically integrated Florida MMTC (as defined herein) license. Such license provides Spring Oaks with the ability to open up to 35 dispensary locations in the State of Florida. The State of Florida does not permit wholesale of cannabis between entities, however, sales in Florida are contingent upon the Company establishing a cultivation facility to supply its dispensary locations. See *“Recent Developments”* and *“Regulatory Overview”*.

Cultivation

Nevada

The Company, through its subsidiaries, cultivates cannabis products at facilities located in (i) Las Vegas, featuring approximately 12,000 square feet, including approximately 5,000 square feet of canopy; and (ii) Nye County, featuring approximately 12,000 square feet, including approximately 5,000 square feet of canopy. See *“Regulatory Overview”*.

Massachusetts

As part of its acquisition of Just Healthy, the Company purchased unimproved land in Northampton, Massachusetts upon which it may decide to erect a cultivation facility. See *“Recent Developments”* and *“Regulatory Overview”*.

Florida

The Company, following the completion of the Spring Oaks Acquisition on August 1, 2019, is currently pursuing both leasing or purchasing opportunities related to a proposed cultivation facility to support the state-mandated verticality requirement applicable to MMTCs. See *“Recent Developments”*, *“Regulatory Overview”* and *“Risk Factors”*.

Production

Nevada

The Company utilizes approximately 1,700 square feet of 12,000 square feet available at the leased facility in Unincorporated Clark County for the purpose of manufacturing various marijuana infused and concentrated marijuana products. See *“Regulatory Overview”*.

Massachusetts

The Company does not yet produce cannabis products in Massachusetts. As the state permits wholesale between processors for purposes of adult-use dispensary sales, the Company will continue to evaluate whether it will pursue a cultivation and processing location. See *“Regulatory Overview”*.

Florida

The Company does not yet produce cannabis products in Florida. Following the completion of the Spring Oaks Acquisition on August 1, 2019, the Company will be pursuing production facilities as part of its proposed expansion in the Florida consistent with the verticality requirement imposed by the relevant state laws. See *“Recent Developments”* and *“Regulatory Overview”*

Dispensing

Nevada

The Company is currently dispensing products from its The+Source location in Unincorporated Clark County. The+Source features approximately 1,100 square feet of selling space and is regarded as one of the premier dispensaries in Las Vegas. The Company anticipates completing its acquisition of Henderson Organic on or about August 28, 2019, at which time it will own a second The+Source location in Henderson, Nevada, with approximately 1,100 feet of selling space. On December 5, 2018, the Company, through NOR, received seven additional provisional adult-use dispensary licenses from the State of Nevada Department of Taxation in the following locations: the City of Las Vegas, Unincorporated Clark County, the City of Reno, the City of Henderson, Nye County, Carson City, and the City of North Las Vegas. Subject to regulatory approvals, the Company anticipates opening its new dispensary in the City of Reno in August or September 2019, with its Nye County and City of Las Vegas locations expected to open in late 2019 and early 2020, respectively. See *“Regulatory Overview”* and *“Risk Factors”*.

Massachusetts

The Company’s subsidiary, Just Healthy, owns a provisional certificate of registration in the State of Massachusetts. This certificate provides for up to three medical dispensaries and a cultivation facility, with the ability to pursue adult-use dispensary locations as well. The Company is in the process of submitting its adult-use license application and anticipates opening its Northampton dispensary in early 2020. See *“Regulatory Overview”* and *“Risk Factors”*.

Florida

The Company is in the process of securing real estate, by land lease or purchase, through which it will launch its Florida-based dispensaries. The Florida MMTC license, as of the closing of the Spring Oaks Acquisition on August 1, 2019, allows for up to 35 medical dispensary locations in Florida. Such locations, however, are subject to the Company establishing its cultivation facilities given the verticality requirement applicable in Florida. See *“Regulatory Overview”* and *“Risk Factors”*.

CBD

The Company has developed a full line of CBD-infused consumer care products, including creams, lotions, sleep aids, skin care, and body care, available in over 100 different SKUs under its Seventh Sense Botanical Therapy (**“Seventh Sense”**) brand. The Company, through its subsidiary, GGB Beauty LLC, has initiated the roll-out of these products following the passage of the Agriculture Improvement Act of 2018, which clarified the law regarding the sale of industrial hemp at the federal level. With CBD is no longer subject to the federal Controlled Substances Act, states were provided discretion to permit the sale of industrial hemp and its extracts. As of July 31, 2019, approximately 41 states had taken steps consistent with the federal change in law. The Company now sells its CBD products via its e-commerce website in approximately 41 states under its Seventh Sense brand.

In addition to e-commerce, the Company has actively pursued premium shopping mall locations through which it will operate its kiosk shop locations. Leveraging relationships with established entities such as Simon Properties and

Brookfield Properties Group, the Company has gained access to consumers in some of the best malls in the United States. The Company has opened more than 100 Seventh Sense shops and anticipates opening up to 100 more by the end of 2019.

The Company has further leveraged its retail experience and relationships to forge partnerships with American Eagle Outfitters, Inc. (“**AEO**”), DSW, Inc. (“**DSW**”), and Abercrombie & Fitch (“**A&F**”). Through these relationships, the Company has gained access to more than 160 A&F stores, more than 150 DSW locations, and, beginning in September 2019, access to nearly 500 AEO locations.

Additionally, the Company has an exclusive right to use the Greg Norman Shark brand related to CBD products in the United States, and it anticipates a test launch of this brand in late 2019, with a more robust rollout planned for 2020.

Objectives

The Company’s objective as it relates to its cannabis business is to establish a leading presence in several pivotal states, and to expand strategically through acquisitions and organic license capture, to other states as such states permit medical and/or adult-use cultivation, production, and sale of cannabis. See “*Regulatory Overview*”.

The Company believes that it is well-positioned to take advantage of the nascent cannabis industry, in part because of its strong leadership team, which has strong retail experience in other industries. The cannabis industry remains in its infancy, and such status presents both increased opportunity and increased risk. The Company intends to navigate the complex legal and regulatory framework applicable to the cannabis industry through retention of legal counsel in the various states where it seeks to operate, and through adherence to legal requirements and industry best practice. See “*Regulatory Overview*” and “*Risk Factors*”.

The Company’s objective as it relates to CBD is to develop top-quality beauty and skin care products and to capitalize on the legal and growing CBD market. The deep retail experience of the Company’s leadership team positions the Company well to execute on its objectives. Consistent with its participation in the cannabis space, the Company intends to comply with applicable law related to the sale of CBD-infused products, with such sales occurring (and e-commerce deliveries made) only in states where not prohibited by law.

RECENT DEVELOPMENTS

Backstop Commitments

On August 14, 2019, the Company announced that it had entered into commitment letters with each of All Js Greenspace LLC, Park Lane Capital Limited, and Chiron Ventures Inc. (collectively, the “**Backstop Parties**”), pursuant to which the Backstop Parties have committed to subscribe for and purchase up to US\$77,325,000 (in the aggregate) of convertible debentures (the “**Backstop Convertible Debentures**”) of the Company to support the Company’s operations and capital needs (the “**Commitment Letters**”). In accordance with the terms of the Commitment Letters, the Company is entitled to require each of the Backstop Parties to fulfill their respective commitments for a period of 12 months following completion of the Offering (the “**Backstop Term**”) as follows: (i) as to up to US\$52,325,000, in the event that the Debentures (as defined herein) cannot be extended or refinanced prior to the Maturity Date (as defined herein) (the “**Debentures Backstop Commitment**”) and (ii) as to up to US\$25,000,000, in the event the Company requires capital to fund operations during the Backstop Term (the “**Additional Backstop Commitment**”). The Backstop Convertible Debentures, if issued, will have a maturity date of 12 months from the date of issuance (the “**Backstop Maturity Date**”) and will be convertible upon the election of the applicable Backstop Party at any time up to and including the Backstop Maturity Date into, in respect of the commitments from non-U.S. resident Backstop Parties, Common Shares at a conversion price equal to C\$2.45 per Common Share and, in respect of the commitment from the U.S. resident Backstop Party, Proportionate Voting Shares at a conversion price per Proportionate Voting Share equal to \$1,225 (being equivalent to C\$2.45 per common share) divided by the Canadian-US exchange rate on the business day prior to conversion. Interest on the Backstop Convertible Debentures will accrue daily and will be payable on the Maturity Date. On the Backstop Maturity Date or upon the election of the applicable Backstop Party, the principal amount of the Backstop Convertible Debentures shall be payable by the Company in cash (together with all accrued interest payable thereon) or, at the option of the applicable Backstop Party, into Common Shares or Proportionate

Voting Shares, as the case may be, at the applicable conversion price, without adjustment for interest accrued on the Backstop Convertible Debentures or for dividends or distributions on the Common Shares or Proportionate Voting Shares, as the case may be, issuable upon conversion, all subject to the terms and conditions to be set forth in the definitive form of Backstop Convertible Debenture to be issued by the Company in form an substance satisfactory to the Backstop Parties and the Company, each acting reasonably. The obligations of the Company under the Backstop Convertible Debentures are will be secured by a general security agreement over all of the Company's applicable present and after-acquired personal property and will be subordinate to the Company's existing secured convertible debt. In connection with the Commitment Letters, and following the completion of the Offering, the Company will pay the Backstop Parties a fee in the aggregate of US\$3,866,250, payable through the issuance of (i) Common Shares at a price equal to the closing market price of the Common Shares on the trading day immediately prior to such issuance, in the case of non-U.S. resident Backstop Parties and (ii) Proportionate Voting Shares, at a price equal to the closing market price of the Common Shares on the trading day immediately prior to such issuance, multiplied by 500 and divided by the Canadian-U.S. exchange rate on such date, in the case of U.S. resident Backstop Parties (the "**Backstop Fee**"). See "*Risk Factors*".

American Eagle Purchase Order

On July 11, 2019, the Company announced that it had received a purchase order from AEO, through which it will sell hemp-derived CBD-infused personal care products in nearly 500 of its AEO stores and online. The purchase order contemplates a wide-assortment of personal care products, to include lotions, muscle balms, and aromatherapy, with sales expected to begin in October 2019.

The Moxie Business Combination

On July 9, 2019, the Company announced that it had entered into a securities acquisition and contribution agreement, dated July 8, 2019, with, among others, MXY Holdings LLC ("**Moxie**") under which a new Ontario limited partnership ("**GGB LP**"), of which GGB will be the general partner, will acquire the operating companies of GGB and the issued and outstanding units of Moxie, an arm's length third party, in an all-equity interest transaction (the "**Moxie Business Combination**"). As part of the Moxie Business Combination, GGB LP will also be directly or indirectly acquiring shares of MXY C, Inc. and MXY D, Inc., Delaware entities within the Moxie structure, and Moxie's equity interests in two entities, PurePenn LLC and Pure CA, LLC, with which Moxie has current contribution agreements (subject to regulatory approval). The equity purchase price of the Moxie Business Combination is US\$310,000,000 and will be satisfied through the issuance of either Common Shares and/or exchangeable limited partnership units in GGB LP. Closing of the Moxie Business Combination is expected to occur prior to January 2020 and remains subject to the satisfaction of various closing conditions, including receipt of all necessary regulatory approvals for the transfer of the cannabis-related licenses of Moxie by local and state authorities in each of the markets where Moxie's assets and licenses are held; approval from the CSE for the listing of Common Shares issuable in connection with the Moxie Business Combination (including the Common Shares issuable upon the exchange of the exchangeable limited partnership units in GGB LP); that all required securityholder approval for Moxie, MXY C, Inc. and MXY D, Inc. is received and certain pre-closing transactions have been effected; that certain lock-up agreements have been entered into; there has been no material adverse effect in respect of either Moxie or the Company; and, that all documents required in connection with the transfer of Moxie, MXY C, Inc. and MXY D, Inc. securities have been delivered to the Company. There are no assurances that the Moxie Business Combination will be completed, or if completed, will be on the terms that are exactly the same as disclosed in this Prospectus. See "*The Moxie Business Combination*" and "*Risk Factors*".

Abercrombie & Fitch Expansion

On June 27, 2019, the Company announced the expansion of its existing relationship with Abercrombie & Fitch, a division of A&F, through which the Company will sell to A&F certain of its CBD-infused personal care products under the Seventh Sense brand. The announcement represented A&F's decision to expand its 10-store test of the Company's products to as many as 160 A&F stores.

Brookfield Properties Leases

On June 10, 2019, the Company announced that it had entered into an arrangement through which the Company gained access to up to 70 prime shop locations in U.S. malls owned and operated by Brookfield Properties. Pursuant to the arrangement, the Company expects to further expand its chain of CBD-infused personal care product shops under the Seventh Sense brand and other Company brands.

Spring Oaks Greenhouses Inc. Acquisition

On June 4, 2019, the Company announced that on June 3, 2019, it had entered into an arm's length definitive agreement (the "**Spring Oaks Acquisition**") to acquire all of the issued and outstanding shares of capital stock of Spring Oaks Greenhouses, Inc. ("**Spring Oaks**"). Spring Oaks holds a medical marijuana dispensary license and authorization to operate as a Medical Marijuana Treatment Center in the State of Florida. The purchase price for the shares of capital stock of Spring Oaks was approximately \$72,532,110 (US\$54,650,000), subject to certain post-closing purchase price adjustments, which was to be satisfied by GGB through a combination of: (i) \$34,470,930 (US\$26,150,000) in cash, (ii) the issuance of Common Shares to Spring Oaks in the aggregate amount of \$23,033,700 (US\$17,100,000), with a price of \$3.16 (US\$2.35) per Common Share, and (iii) a convertible secured promissory note in the aggregate amount of \$15,027,480 (US\$11,400,000).

On July 29, 2019, the Company announced that it executed an amendment (the "**Spring Oaks Amendment**") to the Spring Oaks definitive agreement dated June 3, 2019. Pursuant to the Spring Oaks Amendment, the purchase price for the shares of capital stock of Spring Oaks of approximately \$72,532,110 (US\$54,650,000), subject to certain post-closing purchase price adjustments, shall be satisfied by the Company through a combination of: (i) a previously paid deposit of \$1,779,570 (US\$1,350,000) (the "**Deposit**"); (ii) a cash payment at closing of \$2,636,400 (US\$2,000,000), subject to certain post-closing purchase price adjustments (the "**Closing Cash Consideration**"); (iii) a cash payment of \$3,954,600 (US\$3,000,000) on or before August 31, 2019 (the "**Deferred Cash Consideration**"); (iv) the issuance of 7,289,145 Common Shares (the "**Consideration Shares**") to the owners of Spring Oaks representing an aggregate amount of \$23,033,700 (US\$17,100,000), at a price of \$3.16 (US\$2.35) per Consideration Share; (v) the issuance of 8,094,210 Common Shares (the "**Additional Consideration Shares**") to the owners of Spring Oaks representing an aggregate amount of \$18,454,800 (US\$14,000,000), at a price of \$2.28 (US\$1.72) per Additional Consideration Share; (vi) the issuance of a two-year convertible secured promissory note in the aggregate principal amount of \$15,027,480 (US\$11,400,000) (the "**Two-Year Note**"); and (vii) the issuance of a one-year convertible secured promissory note in the aggregate principal amount of \$7,645,560 (US\$5,800,000) (the "**One-Year Note**").

The Two-Year Note bears interest at a simple rate of 15%, payable after the first year, and has a maturity date of 24 months following the date of closing the Spring Oaks Acquisition. The Two-Year Note is convertible, on the maturity date, at the option of Spring Oaks, into Common Shares at a conversion rate equal to \$3.16 (US\$2.39) and is secured by the Spring Oaks assets. The One-Year Note bears interest at a simple rate of 15% per annum and has a maturity date of 12 months following the date of closing of the Spring Oaks Acquisition. The One-Year Note is convertible, on the maturity date, at the option of Spring Oaks, into Common Shares at a conversion rate of \$2.28 (US\$1.72), representing the closing market price of a Common Share on the CSE on the trading day immediately prior to the date of closing the Spring Oaks Acquisition. The One-Year Note is secured by the Spring Oaks assets. Both the Consideration Shares and the Additional Consideration Shares are subject to a lock-up agreement for 20 months following the date of closing the Spring Oaks Acquisition, to be released in increments of 1/20th over that time period.

The Company announced the completion of the Spring Oaks Acquisition on August 1, 2019.

In connection with the closing of the Spring Oaks Acquisition, the Company will pay a fee of \$659,100 (US\$500,000) to Jeremy Giles in full satisfaction and settlement of certain finder services performed on the Company's behalf (the "**Giles Fee**"). The Giles Fee will be paid through (i) a cash payment in the amount of \$329,550 (US\$250,00) and (ii) the issuance of Common Shares in the aggregate amount of \$329,550 (US\$250,00), at a price of \$2.28 (US\$1.72) per Common Share, representing the closing market price of a Common Share on the CSE on the trading day immediately prior to the date of the Spring Oaks Announcement. On closing of the Spring Oaks Acquisition, the Company has also entered into a consulting services agreement with Jeremy Giles for governmental relations services.

Award of Restricted Stock Units

On May 24, 2019, the Company announced the award of an aggregate of 595,000 restricted share units (the “**RSUs**”) under the Company’s equity incentive plan (the “**Plan**”) to certain of its employees (the “**RSU Recipients**”). The RSUs will be granted to the RSU Recipients as compensation for their services to the Company and as an incentive mechanism to foster the interest of such persons in the long-term success of the Company.

Each RSU will carry the right to receive one Common Share upon vesting. All of the RSUs will vest in equal parts each year for a period of three years. All other terms and conditions of the RSUs are in accordance with the terms of the Plan.

ARC Ltd. Advisory Services Agreement

On May 22, 2019, the Company entered into an arm’s length advisory services agreement with Authentic Retail Concepts, LTD (“**ARC**”) for a variety of ongoing consulting services related to retail distribution strategies, including facilitating introductions to certain real estate owners and operators. As compensation for the services under the agreement, GGB issued to ARC 500,000 Common Shares valued at US\$1,555,000 (\$2,130,000) at the issue date thereof and 500,000 common share purchase warrants of GGB, reflecting the GGB share price of US\$3.11 (\$4.26) as of the close of trading on May 21, 2019. The shares are subject to a lock up agreement for a period of 12 months ending on January 8, 2020.

Award of Deferred Share Units

On May 22, 2019, the Company announced the grant of an aggregate of 212,636 deferred share units (the “**DSUs**”) under the Plan to certain of its non-executive directors (the “**DSU Recipients**”). The DSUs will be granted to the DSU Recipients as a compensation for their services to the Company.

Each DSU will carry the right to receive one Common Share upon vesting. All of the DSUs will vest as of the date of award. All other terms and conditions of the DSUs are in accordance with the terms of the Plan.

Debenture Financing

On May 17, 2019, the Company announced that it had raised gross proceeds of \$61,200,000 pursuant to a private placement of convertible debt in the form of 15% secured convertible debentures (the “**Debentures**”) at a price of \$1,000 per Debenture and with a conversion price equivalent to \$7.00 per Common Share (the “**Debenture Financing**”). The net proceeds of the Debenture financing will be used for general corporate and working capital purposes. Each Debenture has a maturity date of May 17, 2020 (the “**Maturity Date**”) and is convertible, in certain circumstances, into proportionate voting shares of the Company (the “**Proportionate Voting Shares**”) at a conversion price per Proportionate Voting Share equal to \$3,500.00 (being equivalent to \$7.00 per Common Share) divided by the Canadian-US exchange rate on the business day prior to conversion (the “**Conversion Price**”). Interest on the Debentures accrues daily and is payable to the holders thereof initially on November 17, 2019 and the balance on the Maturity Date. On the Maturity Date, the principal amount of the Debentures shall be payable by the Company in cash (together with all accrued but unpaid interest thereon) or, at the option of the holder thereof, in Proportionate Voting Shares at the Conversion Price, without adjustment for interest accrued on the Debentures or for dividends or distributions on the Proportionate Voting Shares issuable upon conversion, all subject to the terms and conditions and in the manner set forth in the convertible debenture indenture dated May 17, 2019 between the Company and Capital Transfer Agency ULC. The obligations of the Company under the Debentures are secured by a general security agreement over all of the Company’s applicable present and after-acquired personal property.

Award of Restricted Stock Units

On February 13, 2019, the Company announced the award of an aggregate of 2,120,000 RSUs under the Plan to certain RSU Recipients. The RSUs were granted to the RSU Recipients as compensation for their services to the Company and as an incentive mechanism to foster the interest of such persons in the long-term success of the Company.

Each RSU will carry the right to receive one Common Share of the Company upon vesting. All of the RSUs will vest in equal parts each year for a period of three years. All other terms and conditions of the RSUs are in accordance with the terms of the Plan.

Simon Property Group Leases

On February 11, 2019, the Company announced that it had entered into an arrangement through which the Company gained access to up to 108 prime shop locations in U.S. malls owned and operated by the Simon Property Group, Inc. (“**Simon**”). Pursuant to the arrangement, the Company expects to further expand its chain of CBD-infused personal care product shops under the Seventh Sense brand and other brands of the Company. In conjunction with the Simon transaction, the Company, through its wholly owned subsidiary, GGB Kiosks LLC, has entered into a consulting agreement for services rendered with Simon Canada Management Ltd. (“**Simon Canada**”). In exchange for the services rendered under this consulting agreement, which relate to GGB’s shop expansion strategy, the Company issued to Simon Canada 500,000 Common Shares and 1,000,000 Common Share warrants with an exercise price of \$5.85 per Common Share, with both the Common Shares and the Common Share warrants reflecting the Common Shares price as of close of trading on February 7, 2019. The Common Shares issued to Simon Canada are subject to a lock up agreement for a period of 12 months from the issue date ending on January 8, 2020.

The Company also entered into an advisory services agreement (the “**Advisory Agreement**”) with J. Salter Ltd., d.b.a. Authentic Retail Concepts, Ltd. (“**ARC**”), for a variety of consulting services that leverage a network of strategic relationships, including Simon Property Group. As compensation for the services under the Advisory Agreement, the Company issued 500,000 Common Shares to ARC at a price of \$5.85 per Common Share. The Common Shares issued to ARC are subject to a lock up agreement for a period of 12 months from the issue date ending January 8, 2020.

Authentic Brands Group and Greg Norman Licensing Agreement

On February 7, 2019, GGB Beauty LLC, a subsidiary of the Company, announced it executed a licensing agreement with Authentic Brands Group (“**ABG**”) and the Greg Norman brand to develop a line of CBD-infused personal care products designed for active men and women. ABG is a brand development and marketing company. The agreement is for a five-year term with certain guaranteed annual minimum royalties. The Company has discretion to terminate the agreement at any time subject to a US\$8,000,000 termination fee.

Senior Management Appointments

In late January 2019, the Company announced the appointment of Peter Horvath as Chief Executive Officer, Ed Kistner as Chief Administrative Officer and Brian Logan as Chief Financial Officer. On February 26, 2019, the Company announced the appointment of Randy Whitaker as Chief Operating Officer. On June 25, 2019, the Company announced the appointment of Jann Parish as Chief Marketing Officer.

ZLJT LLC & Arizona Natural Pain Solutions Inc. Acquisition

On January 31, 2019, the Company entered into an arm’s length definitive agreement to acquire control of ZLJT LLC & Arizona Natural Pain Solutions Inc. (collectively, “**Desert Rose**”). Desert Rose holds a license for a vertically integrated operation in Arizona, including retail, cultivation & infusion (kitchen). As consideration for the membership interests, the Company would pay an aggregate purchase price of US\$12,350,000 in cash. On June 4, 2019, the Company announced that it mutually agreed with Desert Rose to terminate the definitive agreement entered into between the parties and announced on January 31, 2019. Under the terms of the definitive agreement, neither the Company nor Desert Rose is responsible for any payments to the other party as a result of the termination of the definitive agreement.

Just Healthy LLC Acquisition

On January 30, 2019, the Company acquired 100% of the membership interests of Just Healthy LLC. Just Healthy holds provisional certificates of registration for a registered marijuana dispensary, as well as a cultivation and processing site, in Northampton, Massachusetts. The license allows for a total of up to three medical dispensaries with preferred treatment for future adult-use. Pursuant to the terms of the Just Healthy membership interest purchase agreement, the

Company issued 1,741,244 Common Shares to Just Healthy. The fair value of Common Shares on January 30, 2019 was \$5.04. The Company also assumed and satisfied US\$455,000 of Just Healthy corporate debt. In connection with the acquisition of Just Healthy, the Company elected to exercise an option to purchase land in the Northampton, Massachusetts area for a total purchase price of US\$709,306.

As Just Healthy did not meet the definition of a business under *IFRS 3 – Business Combinations*, the acquisition was accounted for as a purchase of Just Healthy's assets. The consideration paid was determined as equity-settled share-based payments under IFRS 2, at the fair value of the equity of the Company issued to the shareholders of Just Healthy on the date of closing as noted above. IFRS 2 requires the shares issued for the acquisition of the net assets of Just Healthy be measured at the fair value of the net assets, unless the fair value cannot be reliably estimated. The Company is still in the process of finalizing the estimate of the net assets acquired and as such, it is possible that the measurement of the net assets and related shares issued may change. Management of the Company does not expect a material adjustment to this measurement.

The following represents the assets acquired:

	Total
Cash and cash equivalents	1,936
Deposits and other assets	50,000
Property and equipment	156,119
Intangible assets	6,925,712
Accounts payable and accrued liabilities	(117,020)
Note payable	(455,030)
	<u>6,561,717</u>
Fair value of consideration paid:	
Common shares	6,561,717
	<u>6,561,717</u>

The intangible assets relate to the cultivation, processing and dispensary provisional licenses awarded to Just Healthy in the State of Massachusetts. The provisional licenses entitle the Company to develop its presence in the State of Massachusetts. The Company has assessed these licenses with an indefinite useful life due to the nature of their indefinite life, provided the Company remains in good standing. See *"Regulatory Overview"* and *"Risk Factors"*. As required under IAS 36, the Company tests annually, or more frequently if events or changes in circumstances indicate that they might be impaired. For testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (each a cash generating unit, or **"CGU"**). The Company tests the recoverability of its indefinite intangible license assets based on the higher of fair value less costs to sell and the value in use model (being the present value of expected future cashflows of the asset or CGU).

Aphria Takeover Bid

On January 23, 2019, the Company announced that it had filed its offer to purchase (the **"Aphria Offer"**) all of the issued and outstanding common shares of Aphria (the **"Aphria Shares"**) including any Aphria Shares that may become issued and outstanding after the date of the Aphria Offer but prior to 5:00 p.m. (Toronto time) on May 9, 2019 upon the conversion, exchange or exercise of any convertible securities, in accordance with the terms and subject to the conditions contained in the Aphria Offer. On April 15, 2019, the Company announced that it had reached an agreement with Aphria to shorten the expiry time for acceptance of the Aphria Offer from May 9, 2019, to April 25, 2019 and on April 25, 2019, the Company announced the Aphria Offer had expired. The Company did not take up any Aphria Shares as the conditions of the Aphria Offer had not been met.

Repurchase of Common Shares from GA Opportunities Corp.

On May 16, 2019, the Company announced that it had completed the previously announced repurchase of 27,300,000 Common Shares held by GA Opportunities Corp. (**"GAOC"**) for aggregate consideration of \$89,000,000, or at a discounted price of approximately \$3.26 per Common Share (the **"GAOC Repurchase"**), representing approximately 13% of the outstanding Common Shares. The aggregate consideration was satisfied by delivery of a secured promissory note (**"GAOC Note"**) in the principal amount of \$39,000,000 and cash in the amount of \$50,000,000. The GAOC Note is

payable on November 15, 2019 and bears interest at 3% per annum. GAOC or its permitted transferee will continue to hold 200,000 Common Shares following the completion of the GAOC Repurchase, which shares are subject to a 12-month lock up agreement on customary terms with 16,666 Common Shares released per month. As GAOC will hold less than 5% of the Common Shares on closing of the GAOC Repurchase (on a non-diluted basis), it no longer has rights under a certain nomination rights agreement entered into with the Company.

DSW Distribution

On January 10, 2019, the Company announced an agreement with DSW to sell hemp-derived CBD-infused personal care products under the Seventh Sense at up to 96 DSW store locations throughout the United States.

Henderson Organic Remedies Irrevocable Option

On December 14, 2018, the Company agreed to an irrevocable option (the “**Henderson Option**”) to acquire all of the membership interests of Henderson Organic Remedies LLC (“**Henderson Organic**”) together with the right to all of Henderson Organic’s free cash flow until exercise of the Henderson Option in consideration of the issuance of (i) a secured loan in the principal amount of US\$15,485,000 (the “**Loan**”) and (ii) a common share purchase warrant (the “**Henderson Warrant**”) exercisable to acquire an aggregate of 7,609,746 Common Shares. Henderson Organic operates a 2,693 square foot medical and retail marijuana dispensary facility located in Henderson, Nevada. In connection with these transactions, HOR Holdings LLC (“**HOR Holdings**”) is expected to acquire (the “**Henderson Acquisition**”) all of the membership interests of Henderson Organic.

The completion of the Henderson Acquisition and the exercise of the Henderson Warrant (which is intended to be satisfied by the issuance of the Henderson Option to the Company) is expected to occur on or around August 28, 2019. The proposed transactions have been structured to comply with both local and state laws and, following a change to local laws in Henderson, Nevada in February 2019 that permitted ownership by foreign, public entities, HOR Holdings assigned its interest in the Henderson Acquisition to GGB. The Loan, which was issued on December 13, 2018, to certain members of Henderson Organic, had an original maturity date of May 4, 2019, bears interest at an annual rate of 6% and is secured against (i) a portion of the payment obligation of NOR, in favor of the borrowers under the Loan (which portion is equal to the principal amount and accrued interest under the Loan) and (ii) all membership interests of Henderson Organic held by the borrowers under the Loan. The Henderson Warrant, which was issued to HOR Holdings on December 13, 2018, expires on December 31, 2019, and vests only upon completion of Henderson Acquisition. Once vested, the Henderson Warrant is exercisable to acquire an aggregate of 7,609,746 Common Shares at an exercise price of \$3.16 per Common Share (reflecting the price per Common Share as of the close of trading on December 12, 2018).

An amendment was agreed on May 4, 2019 with the members of Henderson Organic to extend the due date of the Loan from May 4, 2019, to June 28, 2019. As a condition of the Loan extension, the Company agreed to return the licensing fees earned up to May 8, 2019. Therefore, the Company expects to incur a net charge of US\$1,043,000 in the fourth quarter of 2019 in connection with the return of licensing fees earned to May 8, 2019.

A second amendment was entered into on June 24, 2019 with the members of Henderson Organic, pursuant to which the Henderson Warrant exercisable to acquire an aggregate of 7,609,746 Common Shares at an exercise price of \$3.16 per Common Share was cancelled and replaced with a new common share purchase warrant, exercisable to acquire an aggregate of 3,973,230 Common Shares, at an exercise price of \$3.03 per Common Share (the “**Revised Henderson Warrant**”), with the difference to be satisfied via a cash payment in the amount of US\$8,979,500 (the “**HOR Cash Payment**”). The parties also amended the Loan to provide a maturity date of August 28, 2019. In consideration of the amendment to the maturity date of the Loan, the Company agreed to pay US\$1,000,000 to the members of Henderson Organic as a non-refundable advance on the HOR Cash Payment. A portion of the net proceeds of this Offering will be used to pay the HOR Cash Payment. See “*Use of Proceeds*”.

Wellness Orchards of Nevada LLC Acquisition

On December 12, 2018, the Company entered into definitive agreements to acquire a Pahrump, Nevada cultivation facility operated by WON and Panorama WON LLC (“**Panorama**”) for a total purchase price of US\$13,372,162. On May 17, 2019, the Company announced it had closed on this acquisition. Through this acquisition, the Company expects to

expand its current Nevada footprint to two cultivation facilities in 2019. WON currently operates a 12,000 square foot cannabis cultivation facility in Pahrump, Nevada while Panorama owns the real property and assets upon which the cultivation facility operates. The transaction closed on May 16, 2019.

Seven Additional Retail Licenses Awarded

On December 5, 2018, the Company was awarded seven additional retail cannabis dispensary licenses by the Nevada Department of Taxation to operate in the state of Nevada. The Company expects to have the first four locations operating by the end of calendar 2019, with the remainder opening in 2020, subject to the favorable resolution of regulations and permitting with local authorities.

Nevada Organic Remedies LLC Acquisition

On September 4, 2018, the Company through GGB Nevada LLC ("**GGB Nevada**"), a wholly owned subsidiary, completed the purchase of NOR from its members ("**NOR Members**") pursuant to which GGB Nevada acquired (the "**NOR Acquisition**") 95% of the outstanding membership interests of NOR for aggregate consideration of US\$56,750,000 payable by a combination of cash, stock, and a promissory note in the original principal amount of US\$21,565,000 ("**Purchase Note**"). The balance of the 5% or US\$2,837,500 to the NOR Members was satisfied by the issuance of common shares of the resulting issuer following completion of the RTO Transaction, which was completed on November 9, 2018. However, under the NOR agreement, the remaining 5% is retained by the NOR Members as security until the Purchase Note is settled. Following an amendment that extended the maturity date of the Purchase Note from March 4, 2019, to May 4, 2019, the Company repaid US\$6,080,000 of the Purchase Note on March 4, 2019, resulting in a principal amount of US\$15,485,000 outstanding ("**Amended Purchase Note**"). Following a second amendment dated May 8, 2019, the maturity date of the Amended Purchase Note was extended to June 28, 2019. In conjunction with the June 24, 2019 amendments to the Henderson Acquisition, the maturity date of the Amended Purchase Note was extended to August 28, 2019. The Company intends to repay the balance of the Amended Purchase Note from the proceeds of the Offering. See "*Use of Proceeds*".

In connection with the NOR Acquisition, the Company recognized intangible assets of US\$32,235,000, which included a fair value assessment of US\$28,180,712 assigned to the indefinite license rights acquired. NOR has a total of 12 licenses in the State of Nevada. These licenses include medical and adult-use cultivation, production and dispensary licenses. The Company has assessed these licenses with an indefinite useful life due to the nature of their indefinite life, provided the Company remains in good standing. See "*Regulatory Overview*" and "*Risk Factors*". In addition, following the completion of the RTO Transaction, the Company recognized goodwill of a total US\$26,332,480. Goodwill represents the excess of the purchase price paid by the Company in connection with the NOR Acquisition over the fair value of the net tangible and intangible assets acquired. Through the RTO Transaction and the NOR Acquisition, the Company had immediate access to one of the largest U.S. medical and recreational marketplaces, being the State of Nevada. The Company identified NOR as a fundamental cornerstone to its business plan to be a leading cannabis multistate operator. See "*Regulatory Overview*" and "*Risk Factors*".

As required under IAS 36 the Company tests annually, or more frequently if events or changes in circumstances indicate that they might be impaired. For testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Goodwill is allocated to the CGU that is expected to benefit from synergies of a related business combination and represent the lowest level within the Company at which management monitors goodwill.

The Company tests the recoverability of its indefinite assets including goodwill based on the higher of fair value less costs to sell and the value in use model (being the present value of expected future cashflows of the asset or CGU).

THE MOXIE BUSINESS COMBINATION

On July 8, 2019 GGB entered into a securities acquisition and contribution agreement (the "**Moxie Agreement**") with, among others, Moxie, under which GGB LP, of which GGB will be the general partner, will acquire the operating companies of GGB and the issued and outstanding units of Moxie, an arm's length third party, in an all-equity interest transaction. As part of the Moxie Business Combination, GGB LP will also be directly or indirectly acquiring shares of

MXY C, INC. (“**MXY C**”) and MXY D, INC. (“**MXY D**”), Delaware entities within the Moxie structure, and Moxie’s equity interests in two entities, PurePenn LLC and Pure CA, LLC (collectively, the “**Pure Entities**”), with which Moxie has current contribution agreements (subject to regulatory approval).

The Moxie Business Combination is structured to include the formation of GGB LP, a new Ontario limited partnership of which GGB will be the general partner, with the operating companies of GGB being placed under the partnership (the “**Reorganization**”). The equity consideration of the Moxie Business Combination is US\$310,000,000 (the “**Equity Consideration**”). Payment of the Equity Consideration will be satisfied through the issuance of Common Shares and/or exchangeable limited partnership units in GGB LP (“**Exchangeable LP Units**”) as follows: (i) through the issuance of Common Shares to the shareholders of MXY C and MXY D; (ii) through the issuance of either Common Shares and/or Exchangeable LP Units to the unitholders of Moxie; and (iii) through the issuance of Exchangeable LP Units to the holders of the Pure Entities (or, in the alternative, Moxie may acquire the interest in the Pure Entities for units in the capital of Moxie, prior to the closing of the Moxie Business Combination). The Exchangeable LP Units are exchangeable into Common Shares on a one-for-one basis for no additional consideration; however, the Exchangeable LP Units may not be exchanged for Common Shares for the first year following the closing of the Moxie Business Combination. The issuance of such Common Shares in connection with the Moxie Business Combination will have a dilutive effect in respect of the Company’s existing securityholders and those who may purchase Common Shares in connection with this Offering.

The total number of securities issuable as payment under the Moxie Business Combination is equal to that number determined by dividing the Equity Consideration by the 30-day volume-weighted average price (“**VWAP**”) of Common Shares ending on the third trading day prior to the closing (the “**Closing VWAP**”) (but in no case will the Closing VWAP be less than US\$2.07 or greater than US\$3.45 (being the equivalent to \$2.71 and \$4.52, based on the Bank of Canada exchange rate as of July 5, 2019)), such that following the issuance of the Common Shares and Exchangeable LP Units, the former Moxie members, the shareholders of MXY C and MXY D and the holders of the Pure Entities will hold between approximately 11.9% and 26.4% of the fully-diluted equity of GGB (using the treasury method, and assuming no other issuances of GGB securities, other than pursuant to this Offering (excluding the securities issuable pursuant to the exercise of the Over-Allotment Option)) with the majority of such Common Shares to be subject to lock up agreements for a period of twelve (12) months from the closing of the Moxie Business Combination with staggered releases.

Closing of the Moxie Business Combination is expected to occur prior to January 2020 and remains subject to the satisfaction of various closing conditions, including receipt of all necessary regulatory approvals for the transfer of the cannabis-related licenses of Moxie by local and state authorities in each of the markets where Moxie’s assets and licenses are held; approval from the CSE for the listing of Common Shares issuable in connection with the Moxie Business Combination (including the Common Shares issuable upon the exchange of the exchangeable limited partnership units in GGB LP); that all required securityholder approval for Moxie, MXY C, Inc. and MXY D, Inc. is received and certain pre-closing transactions have been effected; that the lock-up agreements have been entered into; there has been no material adverse effect in respect of either Moxie or the Company; and, that all documents required in connection with the transfer of Moxie, MXY C, Inc. and MXY D, Inc. securities have been delivered to the Company. There are no assurances that the Moxie Business Combination will be completed, or if completed, will be on the terms that are exactly the same as disclosed in this Prospectus.

The Moxie Agreement may be terminated in certain circumstances including by mutual agreement of the parties; by either party for a significant breach by the other party that would cause the closing conditions not to be met; by either party if the Moxie Business Combination has not been effected by June 30, 2020; by Moxie, if it does not receive a legal opinion from counsel regarding the United States federal income tax consequences of the exchange of certain units of Moxie for Exchangeable LP Units (the “**Opinion Termination**”); or, by GGB, if GGB enters into an agreement regarding an acquisition transaction (the “**Acquisition Termination**”). Subject to the terms and conditions set out in the Moxie Agreement, if either party terminates as a result of a significant breach by the other party, the breaching party will pay a termination fee of US\$10,000,000 or if the Moxie Agreement is terminated by Moxie in the event of an Opinion Termination, under certain circumstances, it will pay GGB a termination fee of US\$10,000,000. If the Moxie Agreement is terminated by GGB in the event of an Acquisition Termination, GGB will pay to Moxie a termination fee of US\$17,500,000. GGB will satisfy payment of its termination fee, in either case, in Common Shares, and Moxie will

satisfy payment of its termination fee, in either case, through forgiveness of the Moxie Loan (as defined herein) and a cash payment.

On closing of the Moxie Business Combination, the Controlling Members of Moxie will be entitled to nominate two directors of GGB and, in connection with the foregoing, Moxie and certain shareholders of GGB, will enter into a nomination rights and voting agreement with respect to matters relating to the nomination and election of such nominees (the “**Voting Agreement**”).¹ While none of the Controlling Members are expected to become “significant shareholders” (as such term is defined in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*) on an individual basis, their holdings, if aggregated, may exceed 10% of the issued and outstanding voting securities of the Company if, for example, any Controlling Member was considered to be acting joint or in concert with one or more other Controlling Members. The Exchangeable LP Units held by a Controlling Member are exchangeable, at the discretion and election of each Controlling Member, into Common Shares on a one-for-one basis for no additional consideration; however, the Exchangeable LP Units may not be exchanged for Common Shares for the first year following the closing of the Moxie Business Combination. Pursuant to the terms of the Voting Agreement, certain shareholders of GGB will covenant and agree to vote in favour of Moxie’s nominees and the agreement will terminate on the earlier of: (i) the date after the first continuous 180-day period during which the Controlling Members interest is less than 20% of the Moxie Controlling Members interest immediately following the closing of the Moxie Business Combination; (ii) the date on which the Voting Agreement is terminated by mutual consent of the parties; and (iii) the dissolution or liquidation of GGB. Management of Moxie will continue to lead Moxie’s business as part of the Moxie Business Combination, with key Moxie management joining the Company’s management team.

As part of the Moxie Business Combination, Moxie has loaned US\$5,000,000 to GGB (the “**Moxie Loan**”) in order to fund certain pending acquisitions and the parties have agreed to enter into a distribution agreement (the “**Distribution Agreement**”). The Moxie Loan bears interest at 6% and, if the Moxie Business Combination is terminated, will be due and payable upon such termination, subject to certain set-off provisions provided for therein. The Distribution Agreement provides that GGB will distribute Moxie CBD products through its kiosk and dispensary network for a period of up to thirty (30) months.

The Moxie Business Combination Rationale

The Moxie Business Combination is a part of GGB’s focused growth strategy. GGB is rapidly building its CBD business, including recently securing additional distribution through A&F and AEO, and is expanding its footprint of Seventh Sense shops from the current 61 to an expected 200+ by the end of calendar year 2019. GGB is also building its multistate operator (“**MSO**”) network, which now includes the potential for up to 47 dispensary licenses in three key states.

The combination of Moxie and GGB would create one of the first cannabis companies to provide consumers a comprehensive product offering, including both CBD and tetrahydrocannabinol (“**THC**”) product lines and distribution that runs from mainstream retail to cannabis dispensaries, all led by management with decades of expertise and credibility.

Each of the Company’s and Moxie’s board of directors has determined that the Moxie Business Combination is in the best interests of its respective company. Canaccord delivered a fairness opinion to the board of directors of GGB (the “**Board**”), and Eight Capital delivered a fairness opinion to the board of managers of Moxie.

Business of Moxie

Moxie produces cannabis concentrates and related products across multiple markets. Moxie is an MSO with distribution (or future distribution), either directly or indirectly through affiliates or investees, in California, Arizona, Nevada, Pennsylvania, New Jersey, and Ohio markets and its products are distributed in over 250 dispensaries across the United States. Moxie is recognized by its peers in cannabis, winning close to 100 industry awards over the years, including Brand of the Year at the 2018 California Cannabis Awards. Moxie’s newest product, the DART vaporizer, won first place at the recent 2019 High Times SoCal Cannabis Cup with its Piña Colada flavor.

¹ Controlling Members, as defined in the Moxie Agreement means Lams Holdings, LLC, KPM84 LLC, and D18 Anacapa LLC.

By using FDA grade standard operating procedures and strict safety standards in their facilities and with a genetics library consisting of hundreds of strains, Moxie provides customers with high-quality adult-use and medical cannabis products. Moxie offers live resin vape cartridges, CBD vape cartridges, liquid Moxie vape cartridges and pre-rolled joints. As Moxie builds out its capacity, it will be employing its know-how and genetic library to continue to strive to be a leading product innovator.

Terms of the Moxie Agreement

For a summary of certain material provisions of the Moxie Agreement, please see the Moxie Material Change Report which is incorporated by reference in this Prospectus. The summary in the Moxie Material Change Report does not purport to be complete. The Moxie Agreement, a copy of which has been filed with Canadian securities regulatory authorities on SEDAR at www.sedar.com, should be consulted for the complete provisions, including those summarized in the Moxie Material Change Report. The Moxie Agreement may subsequently be amended or amended and restated and the summary below may no longer accurately reflect the material terms thereof. Any material amendments to the Moxie Agreement will be filed with Canadian securities regulatory authorities on SEDAR at www.sedar.com. The summary of the Moxie Agreement in the Moxie Material Change Report is not intended to be, and should not be relied upon as, disclosure of any facts and circumstances relating to GGB or Moxie.

REGULATORY OVERVIEW

In accordance with Staff Notice 51-352, below is a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where the Company is currently directly involved and through its subsidiaries, in the cannabis industry. Pursuant to Staff Notice 51-352, issuers with U.S. cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other required disclosure documents, such as this Prospectus. As the Company, its subsidiaries and proposed acquisition targets are directly engaged in the cultivation, processing, sale and distribution of cannabis in the cannabis marketplace in the U.S., the Company is subject to Staff Notice 51-352. Although the Company's business activities are compliant with applicable U.S. state and local law, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under U.S. federal law, nor may it provide a defense to any federal proceeding which may be brought against the Company. In accordance with the Staff Notice 51-352, below is a table of concordance that is intended to assist readers in identifying those parts of this Prospectus that address the disclosure expectations outlined in Staff Notice 51-352.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Cross Reference (Prospectus or Documents Incorporated by Reference)
All issuers with U.S. Marijuana-Related Activities	Describe the nature of the Company's involvement in the U.S. marijuana industry and include the disclosures indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.	• Under the heading "The Company" in this Prospectus • Under the heading "Recent Developments" in this Prospectus • Under the heading "The Moxie Business Combination" in this Prospectus • Under the heading "General Development of the Business" in the AIF • Under the heading "Description of the Business" in the AIF

	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	• <i>Bold boxed cover page disclosure</i> • <i>Under the heading "Regulatory Overview" of this Prospectus</i> • <i>Under the heading "Risk Factors" of this Prospectus</i> • <i>Under the heading "Issuers with U.S. Cannabis-Related Assets" in the AIF</i> • <i>Under the heading "Risk Factors" in the AIF</i>
	Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the Company conducts U.S. marijuana-related activities.	• <i>Bold boxed cover page disclosure</i> • <i>Under the heading "Regulatory Overview" of this Prospectus</i> • <i>Under the heading "Risk Factors" of this Prospectus</i> • <i>Under the heading "Risk Factors" in the AIF</i>
	Outline related risks including, among others, the risk that third-party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the Company's ability to operate in the U.S.	• <i>Under the heading "Risk Factors" of this Prospectus</i> • <i>Under the heading "Risk Factors" in the AIF</i>
	Given the illegality of marijuana under U.S. federal law, discuss the Company's ability to access both public and private capital and indicate what financing options are / are not available in order to support continuing operations.	• <i>Under the heading "Issuers with U.S. Cannabis-Related Assets" in the AIF</i> • <i>Under the heading "Regulatory Overview" of this Prospectus</i> • <i>Under the heading "Risk Factors" in the AIF</i>
	Quantify the Company's balance sheet and operating statement exposure to U.S. marijuana related activities.	• <i>Under the heading "Regulatory Overview" of this Prospectus</i>
	Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and	<i>The Company has received and continues to receive legal input regarding (a) compliance with applicable state regulatory frameworks and (b) potential</i>

	implications arising from U.S. federal law.	<i>exposure and implications arising from U.S. federal law in certain respects. The Company has received such advice in verbal and written form (but not in the form of a legal opinion).</i>
U.S. Marijuana Issuers with direct involvement in cultivation or distribution	Outline the regulations for U.S. states in which the Company operates and confirm how the Company complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	• Under the heading “Regulatory Overview” of this Prospectus
	Discuss the Company’s program for monitoring compliance with U.S. state law on an ongoing basis, outline internal compliance procedures and provide a positive statement indicating that the Company is in compliance with U.S. state law and the related licensing framework. Promptly disclose any non-compliance, citations or notices of violation which may have an impact on the Company’s license, business activities or operations.	• Under the heading “Regulatory Overview” of this Prospectus • Under the heading “Issuers with U.S. Cannabis-Related Assets” in the AIF
U.S. Marijuana Issuers with indirect involvement in cultivation or distribution	Outline the regulations for U.S. states in which the Company’s investee(s) operate.	• Under the heading “Regulatory Overview – Ohio” of this Prospectus
	Provide reasonable assurance, through either positive or negative statements, that the investee’s business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. Promptly disclose any non-compliance, citations or notices of violation, of which the Company is aware, that may have an impact on the investee’s license, business activities or operations.	• Under the heading “Regulatory Overview” of this Prospectus
U.S. Marijuana Issuers with material ancillary involvement	Provide reasonable assurance, through either positive or negative statements, that the applicable customer’s or investee’s business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	• Under the heading “Regulatory Overview” of this Prospectus

Federal Regulatory Environment

Under U.S. federal law, marijuana is currently classified as a Schedule I drug. The CSA classifies drugs in five different schedules. As a Schedule I drug, the federal Drug Enforcement Agency (“**DEA**”) considers marijuana to have a high potential for abuse; no currently accepted medical use in treatment in the United States; and a lack of accepted safety for use of the drug under medical supervision.² The scheduling of marijuana as a Schedule I drug is inconsistent with what the Company believes to be the many valuable medical uses for marijuana accepted by physicians, researchers,

² 21 U.S.C. 812(b)(1).

patients, and others. As evidence of this, the federal Food and Drug Administration (“FDA”) on June 25, 2018 approved Epidiolex (cannabidiol) (“CBD”) oral solution for the treatment of seizures associated with two rare and severe forms of epilepsy, Lennox-Gastaut syndrome and Dravet syndrome, in patients two years of age and older. This is the first FDA-approved drug that contains a purified drug substance derived from marijuana. In this case, the substance is CBD, a chemical component of marijuana that does not contain the intoxication properties of THC, the primary psychoactive component of marijuana. The Company believes the CSA categorization as a Schedule I drug is not reflective of the medicinal properties of marijuana or the public perception thereof, and numerous studies show cannabis is not able to be abused in the same way as other Schedule I drugs, has medicinal properties, and can be safely administered. Moreover, while certain published studies show that marijuana may be less harmful than alcohol,³ alcohol is not classified under the CSA. This disparity may reflect the comparative stigma associated with marijuana that factors into scheduling decisions by the DEA.

The federal position is also not necessarily consistent with democratic approval of marijuana at the state government level in the United States. As of July 26, 2019 thirty-three (33) states and the District of Columbia have passed laws legalizing marijuana for medicinal use by eligible patients.⁴ In the District of Columbia, Puerto Rico, the U.S. Virgin Islands, the Northern Mariana Islands, and Guam and eleven (11) of these states – Alaska, California, Colorado, Illinois, Maine, Massachusetts, Michigan, Nevada, Oregon, Vermont and Washington – marijuana is legal for adult-use regardless of medical condition, although Washington D.C. has not legalized commercial sale of cannabis. The large increase in recent statewide referenda and legislation that liberalizes marijuana laws is consistent with public opinion. Public polling routinely shows large majorities of Americans in favor of the legalization of marijuana. For instance, a Gallup Organization survey in October of 2018 found that 66% of respondents in the United States support the legalization of marijuana.⁵

As more and more states legalized medical and/or adult-use marijuana, the federal government attempted to provide clarity on the incongruity between federal prohibition under the CSA and these state-legal regulatory frameworks. Until 2018, the federal government provided guidance to federal law enforcement agencies and banking institutions through a series of United States Department of Justice (“DOJ”) memoranda. The most recent such memorandum was drafted by former Deputy Attorney General James Cole in 2013 (the “Cole Memo”).⁶

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

1. Preventing the distribution of marijuana to minors;
2. Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs and cartels;
3. Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;

³ See Lachenmeier, DW & Rehm, J. (2015). Comparative risk assessment of alcohol, tobacco, cannabis and other illicit drugs using the margin of exposure approach. *Scientific Reports*, 5, 8126. doi: 10.1038/srep08126; Thomas, G & Davis, C. (2009). Cannabis, Tobacco and Alcohol Use in Canada: Comparing risks of harm and costs to society. *Visions Journal*, 5. Retrieved from http://www.heretohelp.bc.ca/sites/default/files/visions_cannabis.pdf; Jacobus et al. (2009). White matter integrity in adolescents with histories of marijuana use and binge drinking. *Neurotoxicology and Teratology*, 31, 349-355. <https://doi.org/10.1016/j.ntt.2009.07.006>; Could smoking pot cut risk of head, neck cancer? (August 25, 2009). Retrieved from <https://www.reuters.com/article/us-smoking-pot/could-smoking-pot-cut-risk-of-head-neck-cancer-idUSTRE5705DC20090825>; Watson, SJ, Benson JA Jr. & Joy, JE. (2000). Marijuana and medicine: assessing the science base: a summary of the 1999 Institute of Medicine report. *Arch Gen Psychiatry Review*, 57, 547-552. Retrieved from <https://www.ncbi.nlm.nih.gov/pubmed/10839332>; Hoaken, Peter N.S. & Stewart, Sherry H. (2003). Drugs of abuse and the elicitation of human aggressive behavior. *Addictive Behaviours*, 28, 1533-1554. Retrieved from <http://www.ukcia.org/research/AggressiveBehavior.pdf>; and Fals-Steward, W., Golden, J. & Schumacher, JA. (2003). Intimate partner violence and substance use: a longitudinal day-to-day examination. *Addictive Behaviors*, 28, 1555-1574. Retrieved from <https://www.ncbi.nlm.nih.gov/pubmed/14656545>.

⁴ *Governing Magazine*, State Marijuana Laws in 2018 Map, available at <http://www.governing.com/gov-data/safety-justice/state-marijuana-laws-map-medical-recreational.html> (visited August 14, 2019).

⁵ Justin McCarthy, *Two in Three Americans Now Support Legalizing Marijuana*, GALLUP (October 22, 2018), available at <https://news.gallup.com/poll/243908/two-three-americans-support-legalizing-marijuana.aspx>.

⁶ U.S. Dept. of Justice. (2013). Memorandum for all United States Attorneys re: *Guidance Regarding Marijuana Enforcement*. Washington, DC: US Government Printing Office, available at <https://www.justice.gov/iso/opa/resources/3052013829132756857467.pdf> (visited August 14, 2019). Prior to the Cole Memo, the DOJ issued other memoranda, including *Investigations and Prosecutions in States Authorizing the Medical Use of Marijuana* (Oct. 19, 2009) and *Guidance Regarding the Ogden Memo in Jurisdictions Seeking to Authorize Marijuana for Medical Use* (June 29, 2011).

4. Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
5. Preventing the violence and the use of firearms in the cultivation and distribution of marijuana;
6. Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
7. Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
8. Preventing marijuana possession or use on federal property.

On January 4, 2018, then United States Attorney General Jefferson Sessions rescinded the Cole Memo by issuing a new memorandum to all United States Attorneys (the “**Sessions Memo**”).⁷ Rather than establish national enforcement priorities particular to marijuana-related crimes in jurisdictions where certain marijuana activity was legal under state law, the Sessions Memo instructs that “[i]n deciding which marijuana activities to prosecute... with the [DOJ’s] finite resources, prosecutors should follow the well-established principles that govern all federal prosecutions.” Namely, these include the seriousness of the offense, history of criminal activity, deterrent effect of prosecution, the interests of victims, and other principles.

Then U.S. Attorney General Jeff Sessions resigned on November 7, 2018 and was replaced by Matthew Whitaker as interim Attorney General. On February 14, 2019, William Barr was sworn in as Attorney General. It is unclear what position the new Attorney General will take on the enforcement of federal laws with regard to the U.S. cannabis industry. However, in a written response to questions from U.S. Senator Cory Booker made as a nominee, Attorney General Barr stated “I do not intend to go after parties who have complied with state law in reliance on the Cole Memorandum.”

In the absence of a uniform federal policy, as had been established by the Cole Memo, numerous United States Attorneys with state-legal marijuana programs within their jurisdictions have announced enforcement priorities for their respective offices. For instance, Andrew Lelling, United States Attorney for the District of Massachusetts, stated that while his office would not immunize any businesses from federal prosecution, he anticipated focusing the office’s marijuana enforcement efforts on: (1) overproduction; (2) targeted sales to minors; and (3) organized crime and interstate transportation of drug proceeds.⁸ Other United States Attorneys provided less assurance, promising to enforce federal law, including the CSA in appropriate circumstances.

Due to the CSA categorization of marijuana as a Schedule I drug, federal law also makes it illegal for financial institutions that depend on the Federal Reserve’s money transfer system to take any proceeds from marijuana sales as deposits. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses under the United States Currency and Foreign Transactions Reporting Act of 1970 as amended by Title III of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001* (the “**Bank Secrecy Act**”). Therefore, under the Bank Secrecy Act, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be charged with money laundering or conspiracy.

While there has been no change in U.S. federal banking laws to accommodate businesses in the large and increasing number of U.S. states that have legalized medical and/or adult-use marijuana, the Department of the Treasury Financial Crimes Enforcement Network (“**FinCEN**”), in 2014, issued guidance to prosecutors of money laundering and other financial crimes (the “**FinCEN Guidance**”). The FinCEN Guidance advised prosecutors not to focus their enforcement efforts on banks and other financial institutions that serve marijuana-related businesses so long as that business is legal in their state and none of the federal enforcement priorities referenced in the Cole Memo are being violated (such as

⁷ U.S. Dept. of Justice. (2018). *Memorandum for all United States Attorneys re: Marijuana Enforcement*. Washington, DC: US Government Printing Office, available at <https://www.justice.gov/opa/press-release/file/1022196/download>.

⁸ U.S. Attorney’s Office District of Massachusetts (2018). *Statement of U.S. Attorney Andrew Lelling Regarding the Legalization of Recreational Marijuana in Massachusetts*, available at <https://www.justice.gov/usao-ma/pr/statement-us-attorney-andrew-elling-regarding-legalization-recreational-marijuana>.

keeping marijuana away from children and out of the hands of organized crime). The FinCEN Guidance also clarifies how financial institutions can provide services to marijuana-related businesses consistent with their Bank Secrecy Act obligations, including thorough customer due diligence, but makes it clear that they are doing so at their own risk. The customer due diligence steps include:

1. Verifying with the appropriate state authorities whether the business is duly licensed and registered;
2. Reviewing the license application (and related documentation) submitted by the business for obtaining a state license to operate its marijuana-related business;
3. Requesting from state licensing and enforcement authorities available information about the business and related parties;
4. Developing an understanding of the normal and expected activity for the business, including the types of products to be sold and the type of customers to be served (e.g., medical versus adult-use customers);
5. Ongoing monitoring of publicly available sources for adverse information about the business and related parties;
6. Ongoing monitoring for suspicious activity, including for any of the red flags described in this guidance; and
7. Refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk.

With respect to information regarding state licensure obtained in connection with such customer due diligence, a financial institution may reasonably rely on the accuracy of information provided by state licensing authorities, where states make such information available.

Because most banks and other financial institutions are unwilling to provide any banking or financial services to marijuana businesses, these businesses can be forced into becoming "cash-only" businesses. While the FinCEN Guidance decreased some risk for banks and financial institutions considering serving the industry, in practice it has not increased banks' willingness to provide services to marijuana businesses. This is because, as described above, the current law does not guarantee banks immunity from prosecution, and it also requires banks and other financial institutions to undertake time-consuming and costly due diligence on each marijuana business they accept as a customer. In fact, some banks that had been servicing marijuana businesses have been closing the marijuana businesses' accounts and are now refusing to open accounts for new marijuana businesses due to cost, risk, or both.

The few state-chartered banks and/or credit unions that have agreed to work with marijuana businesses are limiting those accounts to small percentages of their total deposits to avoid creating a liquidity risk. Since, theoretically, the federal government could change the banking laws as it relates to marijuana businesses at any time and without notice, these credit unions must keep sufficient cash on hand to be able to return the full value of all deposits from marijuana businesses in a single day, while also keeping sufficient liquid capital on hand to serve their other customers. Those state-chartered banks and credit unions that do have customers in the marijuana industry charge marijuana businesses high fees to pass on the added cost of ensuring compliance with the FinCEN Guidance.

Unlike the Cole Memo, however, the FinCEN Guidance from 2014 has not been rescinded. The Secretary of the U.S. Department of the Treasury, Stephen Mnuchin, has publicly stated that the Department was not informed of any plans to rescind the Cole Memo. Secretary Mnuchin stated that he does not have a desire to rescind the FinCEN Guidance.⁹

Despite the recent rescission of the Cole Memo, the Company continues to do the following towards ensuring compliance with the guidance provided by the Cole Memo, the FinCEN Guidance, and other best industry practices:

- The Company and its subsidiaries operate in compliance with licensing requirements that are set forth with regards to cannabis operation by the applicable state, county, municipality, town, township, borough, and other political/administrative divisions.

⁹ Angell, Tom. (February 6, 2018). Trump Treasury Secretary Wants Marijuana Money In Banks, *available at* <https://www.forbes.com/sites/tomangell/2018/02/06/trump-treasury-secretary-wants-marijuana-money-in-banks/#2848046a3a53>; *see also* Mnuchin: Treasury is reviewing cannabis policies. (2018 February 7), *available at* <http://www.scotsmanguide.com/News/2018/02/Mnuchin--Treasury-is-reviewing-cannabis-policies/>.

- The Company's cannabis-related activities adhere to the scope of the licensing obtained – for example, in the states where only medical cannabis is permitted, products are sold only to patients who hold the necessary documentation to permit the possession of the cannabis.
- The Company performs due diligence on contractors or anyone provided access to secure areas of its facilities to prevent products from being distributed to minors.
- The Company works to ensure that the licensed operators have an adequate inventory tracking system and adequate procedures in place so that their compliance system can track inventory effectively. This is done so that there is no diversion of cannabis or cannabis products into states where cannabis is not permitted by state law, or across state lines in general.
- The Company conducts background checks as required by applicable state law.
- The Company conducts reviews of activities of the cannabis businesses, the premises on which they operate, and the policies and procedures that are related to possession of cannabis or cannabis products outside of its licensed premises (including the cases where such possession is permitted by regulation – e.g. transfer of products between licensed premises). These reviews are completed to ensure that licensed operators do not possess or use cannabis on federal property or engage in manufacturing or cultivation of cannabis on federal lands.
- The Company's product packaging complies with applicable regulations and contains necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving.

In recent years, certain temporary federal legislative enactments that protect the medical marijuana and hemp industries have also been in effect. For instance, certain marijuana businesses receive a measure of protection from federal prosecution by operation of temporary appropriations measures that have been enacted into law as amendments (or "riders") to federal spending bills passed by Congress and signed by both Presidents Obama and Trump. For instance, in the Appropriations Act of 2015, Congress included a budget "rider" that prohibits the DOJ from expending any funds to enforce any law that interferes with a state's implementation of its own medical marijuana laws.¹⁰ The rider is known as the "Rohrbacher-Farr" Amendment after its original lead sponsors (it is also sometimes referred to as the "Rohrbacher-Blumenauer" Amendment, but it is referred to in this Prospectus as "**Rohrbacher-Farr**").

Originally, a Republican-controlled House and Democratic-controlled Senate passed the Rohrbacher-Farr Amendment. The bill was "a bipartisan appropriations measure that looks to prohibit the DEA from spending funds to arrest state-licensed medical marijuana patients and providers."¹¹ Subsequently, the amendment has been included in multiple budgets passed by a Republican-controlled Congress. While the Rohrbacher-Farr Amendment has been included in successive appropriations legislation or resolutions since 2015, its inclusion or non-inclusion is subject to political change.

The Rohrbacher-Farr Amendment (now known colloquially as the "Joyce/Leahy Amendment" after its most recent sponsors) was included in the Consolidated Appropriations Act of 2019, which was signed by President Trump on February 14, 2019 and funds the departments of the federal government through the fiscal year ending September 30, 2019. In signing the Act, President Trump issued a signing statement noting that the Act "provides that the Department of Justice may not use any funds to prevent implementation of medical marijuana laws by various States and territories," and further stating "I will treat this provision consistent with the President's constitutional responsibility to faithfully execute the laws of the United States." While the signing statement can fairly be read to mean that the executive branch intends to enforce the Controlled Substances Act and other federal laws prohibiting the sale and possession of medical marijuana, the president did issue a similar signing statement in 2017 and no federal enforcement actions followed.

CBD is a product that often is derived from hemp, which contains only trace amounts of THC, the psychoactive substance found in marijuana. On December 20, 2018, President Trump signed the Agriculture Improvement Act of

¹⁰ 2015 Appropriations Act, Public Law No. 113-235 § 538.17.

¹¹ Statement of Rep. Alcee Hastings, 160 Cong. Rec. 82, H4914, H4984 (daily ed. May 29, 2014).

2018 (popularly known as the 2018 Farm Bill) into law.¹² Until the 2018 Farm Bill became law, hemp and products derived from it, such as CBD, fell within the definition of “marijuana” under the CSA and the DEA classified hemp as a Schedule I controlled substance because hemp is part of the cannabis plant.¹³

The 2018 Farm Bill defines hemp as the plant *Cannabis sativa* L. and any part of the plant with a delta-9 THC concentration of not more than 0.3 percent by dry weight and removes hemp from the CSA. The 2018 Farm Bill also allows states to create regulatory programs allowing for the licensed cultivation of hemp and production of hemp-derived products. Hemp and products derived from it, such as CBD, may then be sold into commerce and transported across state lines provided that the hemp from which any product is derived was cultivated under a license issued by an authorized state program and otherwise meets the definition of hemp removed from the CSA. Notwithstanding the 2018 Farm Bill, the FDA has maintained that infusion of CBD into food products and beverages remains unlawful when introduced into interstate commerce pursuant to the U.S. federal Food, Drug and Cosmetic Act.

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

State Regulatory Environment

The following sections describe the legal and regulatory landscape in the states in which the Company (Massachusetts, Nevada and Florida), Henderson Organic (Nevada) and Moxie (Arizona, California, Nevada, New Jersey, Ohio and Pennsylvania) may operate or distribute products. While the Company, and to the knowledge of the Company, Moxie, work to ensure that their operations comply with applicable state laws, regulations, and licensing requirements, for the reasons described above and the risks further described under the heading “*Risk Factors*”, there are significant risks associated with the business of the Company. Readers are strongly encouraged to carefully read and consider all of the risk factors contained under the heading “*Risk Factors*” below and in the documents incorporated by reference in this Prospectus, including those risks identified and discussed under the heading “*Risk Factors*” in the RTO Information Circular, the AIF and the Interim Company MD&A, all of which are incorporated by reference into this Prospectus.

The Company, through its subsidiaries holds licenses that are in good standing to cultivate, produce, dispense and distribute marijuana in Nevada, and a provisional certificate of registration (“PCR”) in Massachusetts. The PCR provides the ability to open up to three medical dispensaries, a cultivation facility, with preferential treatment given for adult-use. The Company’s adult-use application in Massachusetts remains pending before the Massachusetts Cannabis Control Commission. The Company also holds licenses that are in good standing to cultivate, produce, dispense and distribute marijuana in Florida. Henderson Organic operates a medical and retail dispensary in Nevada. Moxie, through a subsidiary, will hold licenses that are in good standing to cultivate, produce, dispense and distribute marijuana in California. Moxie is a party to a product advisory agreement with a third party (the “**Arizona Partner**”) in the State of Arizona, who has a right to manage medical marijuana operations pursuant to a management services agreement with an Arizona license holder for medical marijuana. Moxie is a party to a product advisory agreement with a third party (the “**New Jersey Partner**”) in the State of New Jersey, who is a New Jersey license holder for medical marijuana. Moxie is a party to an advisory services agreement and brand license agreement with a third party (the “**Nevada Partner**”) in the State of Nevada, who is a Nevada license holder for marijuana. Moxie also holds a 7% equity interest in Pura Ohio Processing, LLC, an Ohio based operation holding licenses that, to the knowledge of Moxie, are in good standing to process marijuana in the state of Ohio. A subsidiary of Moxie will own (subject to regulatory approval) a 17.18% equity interest in PurePenn LLC, a Pennsylvania based operation holding licenses that, to the knowledge of Moxie, are in good standing to grow and process marijuana in the Commonwealth of Pennsylvania. The Company, and to the Company’s knowledge, Moxie, are fully in compliance with respect to their respective cannabis-related activities and have not

¹² H.R.2 - 115th Congress (2017-2018): Agriculture Improvement Act of 2018, Congress.gov (2018), <https://www.congress.gov/bill/115th-congress/house-bill/2/text>.

¹³ See, e.g., 21 C.F.R. § 1308.35.

received any uncorrected notices of violations with respect to any of their cannabis-related activities by any regulatory authority. The Company will promptly disclose any non-compliance, citations or notices of violation which may have an impact on its licenses, business activities or operations.

While the Company's, and to the Company's knowledge, Henderson Organic's and Moxie's, business activities are compliant with applicable state and local law, such activities remain illegal under United States federal law. See "*Risk Factors*" for more details.

The Company and Moxie each maintain a rigorous compliance program to ensure that each complies with all laws, regulations, and local rules applicable in the cannabis industry. The General Counsel of the Company, and with respect to Moxie, the SVP of Finance and VP of Operations, oversee, maintain, and implement their respective compliance programs and personnel in order to ensure that operations do not endanger the health, safety, or welfare of the community and that of each of the Company and Moxie is compliant with state laws and regulations. In addition, the Company and Moxie each retain regulatory and compliance counsel proficient (and in the case of Moxie, a third-party quality assurance auditor) in those jurisdictions in which each operates or is actively pursuing operations. The Company and Moxie each utilize security employees and contractors to ensure that their respective operations comply at all times with formal security procedures and policies.

Compliance begins with the proper training of employees. The Company has and will continue to offer robust employee training plan for those individuals involved in the cultivation, production, dispensing, or distribution of cannabis. The Company is committed to providing employees and customers with training and up-to-date information that will help them better understand the legal and operational issues regarding the use of cannabis and cannabis-infused products pursuant to applicable law. Employees and volunteers are trained before working in a facility and are required to complete mandatory on-going training and performance evaluations.

The compliance program of Henderson Organic is substantially similar to the process described above for the Company.

The following table sets forth a summary of the operations of the Company and its subsidiaries in the U.S., detailing (i) the applicable state(s) of operations; (ii) whether such operations relate to medical or adult-use cannabis; (iii) whether the activities of the Company or its subsidiaries are direct, indirect or ancillary in nature (as defined in Staff Notice 51-352); (iv) the number and type of licenses held by the Company or its subsidiaries; and (v) whether such licensed facilities are operational.

U.S. Operations Chart¹⁴

Entity	U.S. State of Operation	Medical or Adult-Use Cannabis	Direct / Indirect / Ancillary	Number of Licenses	Operational
GGB HoldCo Inc. ¹⁵	Delaware	N/A	Direct	None	N/A
Green Growth Brands LLC	Delaware Florida Ohio	N/A	Ancillary ¹⁶	None	N/A
GGB Beauty LLC	Alabama Arizona Arkansas	N/A	Ancillary ¹⁷	None	N/A

¹⁴ This table identifies all U.S. operations of the Company and its subsidiaries and excludes the following entities, which do not have any U.S. operations or are inactive: Green Growth Brands Inc. (no U.S. operations), GGB Canada Inc. (no U.S. operations), Green Growth Brands Realty Ltd. (no U.S. operations), Xanthic Biopharma Ltd. (inactive), Green Growth Brands Realty LLC (inactive), GGB GN LLC (inactive), GGB Kiosks LLC (inactive), GGB New Jersey LLC (inactive), GGB Arizona LLC (inactive), GGB Michigan LLC (inactive), GGB Connecticut LLC (inactive), Xanthic Biopharma US Hold Co. (inactive) and Xanthic Colorado LLC (inactive).

¹⁵ GGB HoldCo Inc. is incorporated in Delaware and is directly operational in the U.S. cannabis industry in other jurisdictions through its subsidiaries.

¹⁶ The Company provides goods and/or services including, but not limited to, financing, management, consulting and/or administrative services to these license holders to assist in the operations of their cannabis businesses.

¹⁷ See footnote 16.

	California Colorado Connecticut Delaware Florida Georgia Hawaii Illinois Indiana Kansas Kentucky Maine Maryland Massachusetts Michigan Minnesota Missouri Nevada New Hampshire New Jersey New York North Carolina Ohio Oklahoma Oregon Pennsylvania Rhode Island South Carolina Tennessee Texas Utah Wisconsin				
GGB Licenses LLC	Delaware Florida Ohio	N/A	Ancillary ¹⁸	None	N/A
GGB Green Holdings LLC	Delaware Ohio	Medical and Adult-Use	Direct	None	N/A
GGB Massachusetts LLC	Delaware Massachusetts	Adult-Use	Direct	None	No
GGB Massachusetts Land	Delaware Massachusetts	Adult-Use	Ancillary ¹⁹	None	No
Just Healthy LLC	Massachusetts	Adult-Use	Direct	1 provisional certificate of registration	No
GGB Nevada LLC	Nevada	Medical and Adult-Use	Direct	None	No
GGB Nevada Pahrump LLC	Nevada	Medical and Adult-Use	Direct	None	No
GGB Nevada Land LLC	Nevada	Medical and Adult-Use	Ancillary ²⁰	None	No

¹⁸ See footnote 16.¹⁹ See footnote 16.²⁰ See footnote 16.

Nevada Organic Remedies LLC	Nevada	Medical and Adult-Use	Direct	7 licenses, including: 2 cultivation (medical and adult-use), 2 dispensary (medical and adult-use), 2 production (medical and adult-use) and 1 distribution; 7 additional provisional adult-use dispensary licenses	Yes
Wellness Orchards of Nevada LLC	Nevada	Medical and Adult-Use	Direct	2 cultivation licenses (medical and adult-use)	Yes
Sahara Merchants LLC	Nevada	Medical and Adult-Use	Ancillary ²¹	None	N/A
GGB Florida LLC	Delaware Florida	Medical	Direct	None	N/A
GGB Florida Land LLC	Delaware Florida	Medical	Ancillary ²²	None	N/A
Spring Oaks Greenhouses Inc.	Florida	Medical	Direct	1 vertical license	No

The following sections describe the legal and regulatory landscape in the states in which the Company, and in the case of Nevada, Henderson Organic and Moxie, operate, namely Massachusetts, Nevada and Florida:

Massachusetts (Medical)

The Commonwealth of Massachusetts has authorized the cultivation, possession and distribution of marijuana for medical purposes by certain licensed Massachusetts marijuana businesses. The Medical Use of Marijuana Program (the “**MUMP**”) registers qualifying patients, personal caregivers, Registered Marijuana Dispensaries (“**RMDs**”), and RMD agents. The MUMP was established by Chapter 369 of the Acts of 2012, “An Act for the Humanitarian Medical Use of Marijuana”, following the passage of the Massachusetts Medical Marijuana Initiative, Ballot Question 3, in the 2012 general election. Additional statutory requirements governing the MUMP were enacted by the Legislature in 2017 and codified at G.L. c. 94I, et. seq. (the “**Massachusetts Medical Act**”). RMD Certificates of Registration are vertically integrated licenses in that each RMD Certificate of Registration entitles a license holder to one cultivation facility, one processing facility and one dispensary locations. There is a limit of three (3) RMD licenses per person/entity.

The Commonwealth of Massachusetts Cannabis Control Commission (“**CCC**”) regulations, 935 CMR 501.000 et seq. (“**Massachusetts Medical Regulations**”), provide a regulatory framework that requires RMDs to cultivate, process, transport and dispense medical cannabis in a vertically integrated marketplace. Patients with debilitating medical conditions qualify to participate in the program, including conditions such as cancer, glaucoma, positive status for human immunodeficiency virus (HIV), acquired immune deficiency virus (AIDS), hepatitis C, amyotrophic lateral sclerosis (ALS), Crohn’s disease, Parkinson’s disease, and multiple sclerosis (MS) when such diseases are debilitating,

²¹ See footnote 16.

²² See footnote 16.

and other debilitating conditions as determined in writing by a qualifying patient's healthcare provider. The CCC assumed control of the MUMP from the Department of Public Health on December 23, 2018.

The Company (through its subsidiaries in the Commonwealth of Massachusetts) is in compliance with applicable licensing requirements and the regulatory framework enacted by the Commonwealth of Massachusetts.

Massachusetts Licensing Requirements (Medical)

The Massachusetts Medical Regulations delineate the licensing requirements for RMDs in Massachusetts. Licensed entities must demonstrate the following: (i) they are licensed and in good standing with the Secretary of the Commonwealth of Massachusetts; (ii) no executive, member or any entity owned or controlled by such executive or member directly or indirectly controls more than three RMD licenses; (iii) vaporizers must be made available for sale; (iv) an RMD may not cultivate and dispense medical cannabis from more than two locations statewide; (v) dispensary agents must be registered with the Massachusetts Department; (vi) an RMD must have a program to provide reduced cost or free marijuana to patients with documented verifiable financial hardships; (vii) one executive of an RMD must register with the Massachusetts Department of Criminal Justice Information Services on behalf of the entity as an organization user of the Criminal Offender Record Information (iCORI) system; (viii) the RMD applicant has at least \$500,000 in its control as evidenced by bank statements, lines of credit or equivalent; and (ix) payment of the required application fee.

In an RMD application, an applicant must also demonstrate or include: (i) name, address date of birth and resumes of each executive of the applicant and of the members of the entity; (ii) proof of liability insurance coverage in compliance with statutes; (iii) detailed summary of the business plan for the RMD; (iv) an operational plan for the cultivation of marijuana including a detailed summary of policies and procedures; and (v) a detailed summary of the operating policies and procedures for the operations of the RMD including security, prevention of diversion, storage of marijuana, transportation of marijuana, inventory procedures, procedures for quality control and testing of product for potential contaminants, procedures for maintaining confidentiality as required by law, personnel policies, dispensing procedures, record keeping procedures, plans for patient education and any plans for patient or personal caregiver home delivery. An RMD applicant must also demonstrate that it has (i) a successful track record of running a business; (ii) a history of providing healthcare services or services providing marijuana for medical purposes in or outside of Massachusetts; (iii) proof of compliance with the laws of the Commonwealth of Massachusetts; (iv) complied with the laws and orders of the Commonwealth of Massachusetts; and (v) a satisfactory criminal and civil background.

Upon the determination by the Massachusetts Department that an RMD applicant has responded to the application requirements in a satisfactory fashion, the RMD applicant is required to pay the applicable registration fee and shall be issued a provisional certificate of registration. Thereafter, the Massachusetts Department shall review architectural plans for the building of the RMD's cultivation facility and/or dispensing facilities, and shall either approve, modify or deny the same. Once approved, the RMD provisional license holder shall construct its facilities in conformance with the requirements of the Massachusetts Regulations. Once the Massachusetts Department completes its inspections and issues approval for an RMD of its facilities, the Massachusetts Department shall issue a final certificate of registration to the RMD applicant. RMD final certificates of registration are valid for one year, and shall be renewed by filing the required renewal application no later than sixty days prior to the expiration of the certificate of registration.

Massachusetts Licenses (Medical)

The table below describes the cannabis-related licenses held by the Company and its subsidiaries in the State of Massachusetts:

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable)	Description
Just Healthy LLC	Provisional Certificate of Registration	Northampton, MA	N/A	Dispensary, cultivation and processing site, and up to three medical dispensaries with

				preferred treatment for future adult-use
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The licenses in Massachusetts are renewed annually. Before expiry, licensees are required to submit a renewal application. While renewals are granted annually, there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, Just Healthy LLC would expect to receive the applicable renewed license in the ordinary course of business.

Massachusetts Dispensary Requirements (Medical)

A RMD shall follow its written and approved operation procedures in the operation of its dispensary locations. Operating procedures shall include (i) security measures in compliance with the Massachusetts Regulations; (ii) employee security policies including personal safety and crime prevention techniques; (iii) hours of operation and after-hours contact information; (iv) a price list for marijuana; (v) storage protocols in compliance with state law; (vi) a description of the various strains of marijuana that will be cultivated and dispensed, and the forms that will be dispensed; (vii) procedures to ensure accurate recordkeeping including inventory protocols; (viii) plans for quality control; (ix) a staffing plan and staffing records; (x) diversion identification and reporting protocols; and (xi) policies and procedures for the handling of cash on RMD premises including storage, collection frequency and transport to financial institutions. The siting of dispensary locations is expressly subject to local/municipal approvals pursuant to state law, and municipalities control the permitting application process that a RMD must comply with. More specifically, a RMD shall comply with all local requirements regarding siting, provided however that if no local requirements exist, a RMD shall not be sited within a radius of five hundred feet of a school, daycare center, or any facility in which children commonly congregate. The 500-foot distance under this section is measured in a straight line from the nearest point of the facility in question to the nearest point of the proposed RMD. The Massachusetts Regulations require that RMDs limit their inventory of seeds, plants, and useable marijuana to reflect the projected needs of registered qualifying patients. A RMD shall only dispense to a registered qualifying patient who has a current valid certification.

Massachusetts Security Requirements (Medical)

A RMD shall implement sufficient security measures to deter and prevent unauthorized entrance into areas containing marijuana and theft of marijuana at the RMD. These measures must include: (i) allowing only registered qualifying patients, caregivers, dispensary agents, authorized persons, or approved outside contractors access to the RMD facility; (ii) preventing individuals from remaining on the premises of a RMD if they are not engaging in activities that are permitted; (iii) disposing of marijuana or byproducts in compliance with law; (iv) establishing limited access areas accessible only to authorized personnel; (v) storing finished marijuana in a secure locked safe or vault; (vi) keeping equipment, safes, vaults or secured areas securely locked; (vii) ensuring that the outside perimeter of the RMD is sufficiently lit to facilitate surveillance; and (viii) ensuring that landscaping or foliage outside of the RMD does not allow a person to conceal themselves. A RMD shall also utilize a security/alarm system that: (i) monitors entry and exit points and windows and doors, (ii) includes a panic/duress alarm, (iii) includes system failure notifications, (iv) includes 24 hour video surveillance of safes, vaults, sales areas, areas where marijuana is cultivated, processed or dispensed, and (v) includes date and time stamping of all records and the ability to produce a clear, color still photo. The video surveillance system shall have the capacity to remain operational during a power outage. The RMD shall also maintain a backup alarm system with the capabilities of the primary system, and both systems shall be maintained in good working order and shall be inspected and tested on regular intervals.

Massachusetts Transportation (Medical)

Marijuana or marijuana-infused products (“MIPs”) may only be transported by dispensary agents on behalf of a RMD: (i) between separately-owned RMDs in compliance with 725.105(B)(2) of the Massachusetts Regulations; (ii) between RMD sites owned by the same non-profit entity; (iii) between a RMD and a testing laboratory; (iv) from the RMD to the destruction or disposal site; or (v) from a RMD to the primary residences of registered qualifying patients. A RMD shall staff transport vehicles with a minimum of two dispensary agents. At least one dispensary agent shall remain with the

vehicle when the vehicle contains marijuana or MIPs. Prior to leaving the origination location, a RMD must weigh, inventory, and account for, on video, the marijuana to be transported.

Marijuana must be packaged in sealed, labeled, and tamper-proof packaging prior to and during transportation. In the case of an emergency stop, a log must be maintained describing the reason for the stop, the duration, the location, and any activities of personnel exiting the vehicle. A RMD shall ensure that delivery times and routes are randomized. Each dispensary agent shall carry his or her Massachusetts Department-issued MUMP ID Card when transporting marijuana or MIPs and shall produce it to Massachusetts Department representatives or law enforcement officials upon request. Where videotaping is required when weighing, inventorying, and accounting of marijuana before transportation or after receipt, the video must show each product being weighed, the weight, and the manifest. A RMD must document and report any unusual discrepancy in weight or inventory to the Massachusetts Department and local law enforcement within 24 hours. A RMD shall report to the Massachusetts Department and local law enforcement any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport, within 24 hours. A RMD shall retain transportation manifests for no less than one year and make them available to the Massachusetts Department upon request. Any cash received from a qualifying patient or personal caregiver must be transported to a RMD immediately upon completion of the scheduled deliveries. Vehicles used in transportation must be owned, leased or rented by the RMD, be properly registered, and contain a GPS system that is monitored by the RMD during transport of marijuana and said vehicle must be inspected and approved by the Massachusetts Department prior to use.

During transit, a RMD shall ensure that: (i) marijuana or MIPs are transported in a secure, locked storage compartment that is part of the vehicle transporting the marijuana or MIPs; (ii) the storage compartment cannot be easily removed (for example, bolts, fittings, straps or other types of fasteners may not be easily accessible and not capable of being manipulated with commonly available tools); (iii) marijuana or MIPs are not visible from outside the vehicle; and (iv) product is transported in a vehicle that bears no markings indicating that the vehicle is being used to transport marijuana or MIPs and does not indicate the name of the RMD. Each dispensary agent transporting marijuana or MIPs shall have access to a secure form of communication with personnel at the origination location when the vehicle contains marijuana or MIPs.

Massachusetts Department Inspections (Medical)

The Massachusetts Department or its agents may inspect a RMD and affiliated vehicles at any time without prior notice. A RMD shall immediately upon request make available to the Massachusetts Department information that may be relevant to a Massachusetts Department inspection, and the Massachusetts Department may direct a RMD to test marijuana for contaminants. Any violations found will be noted in a deficiency statement that will be provided to the RMD, and the RMD shall thereafter submit a Plan of Correction to the Massachusetts Department outlining with particularity each deficiency and the timetable and steps to remediate the same. The Massachusetts Department shall have the authority to suspend or revoke a certificate of registration in accordance with 105 CMR 725.405 of the Regulation of adult-use cannabis in Massachusetts.

Massachusetts (Adult-Use)

Adult-use marijuana has been legal in Massachusetts since December 15, 2016, following a ballot initiative in November of that year. The Cannabis Control Commission, a regulatory body created in 2018, licenses adult-use cultivation, processing and dispensary facilities (collectively, “**Marijuana Establishments**”) pursuant to 935 CMR 500.000 et seq. The first adult-use marijuana facilities in Massachusetts began operating in November 2018.

The Company (through its subsidiaries in the Commonwealth of Massachusetts) is in compliance with applicable licensing requirements and the regulatory framework enacted by the Commonwealth of Massachusetts.

Massachusetts Licensing Requirements (Adult-Use)

Pursuant to section 500.101(2), RMDs that have received a provisional or final certificate of registration are authorized to apply for a vertically integrated Marijuana Establishment license on a priority basis over new applicants without a RMD certification. The same application requirements exist for a Marijuana Establishment license as a RMD application, and each owner, officer or member must undergo background checks and fingerprinting with the Cannabis Control

Commission. Applicants must submit the location and identification of each site, and must establish a property interest in the same, and the applicant and the local municipality must have entered into a host agreement authorizing the location of the adult-use Marijuana Establishment within the municipality, and said agreement must be included in the application. Applicants must include disclosure of any regulatory actions against it by the Commonwealth of Massachusetts, as well as the civil and criminal history of the applicant and its owners, officers, principals or members. The application must include the RMD applicant's plans for separating medical and adult-use operations, proposed timeline for achieving operations, liability insurance, business plan, and a detailed summary describing and/or updating or modifying the RMD's existing medical marijuana operating policies and procedures for adult-use including security, prevention of diversion, storage, transportation, inventory procedures, quality control, dispensing procedures, personnel policies, record keeping, maintenance of financial records and employee training protocols.

The adult-use license application process commenced on April 1, 2018 for existing RMD license holders, and on July 1, 2018 for all non-RMD license holders. Existing RMD license holders that timely applied for an adult-use license on or before April 1, 2018 are eligible to receive three adult-use licenses per medical RMD license. Namely, one integrated RMD medical license is eligible, if awarded by the Cannabis Control Commission, to receive three adult-use licenses as follows: one for cultivation, one for processing, and one for dispensary.

No person or entity may own more than 10% or "control" more than three licenses in each Marijuana Establishment class (i.e., marijuana retailer, marijuana cultivator, marijuana product manufacturer). Additionally, there is a 100,000 square foot cultivation canopy for adult-use licenses; however, there is no canopy restriction for RMD license holders relative to their cultivation facility.

Massachusetts Dispensary Requirements (Adult-Use)

Marijuana retailers are subject to certain operational requirements in addition to those imposed on Marijuana Establishments generally. Dispensaries must immediately inspect patrons' identification to ensure that everyone who enters is at least twenty-one years of age. Dispensaries may not dispense more than one ounce of marijuana or five grams of marijuana concentrate per transaction. Point-of-sale systems must be approved by the CCC, and retailers must record sales data. Records must be retained and available for auditing by the CCC and Department of Revenue. Dispensaries must also make patient education materials available to patrons. Such materials must include:

- A warning that marijuana has not been analyzed or approved by the FDA, that there is limited information on side effects, that there may be health risks associated with using marijuana, and that it should be kept away from children;
- A warning that when under the influence of marijuana, driving is prohibited by M.G.L. c. 90, § 24, and machinery should not be operated;
- Information to assist in the selection of marijuana, describing the potential differing effects of various strains of marijuana, as well as various forms and routes of administration;
- Materials offered to consumers to enable them to track the strains used and their associated effects;
- Information describing proper dosage and titration for different routes of administration, with an emphasis on using the smallest amount possible to achieve the desired effect;
- A discussion of tolerance, dependence, and withdrawal;
- Facts regarding substance abuse signs and symptoms, as well as referral information for substance abuse treatment programs;
- A statement that consumers may not sell marijuana to any other individual;
- Information regarding penalties for possession or distribution of marijuana in violation of Massachusetts law; and
- Any other information required by the CCC.

Massachusetts Security and Storage Requirements (Adult-Use)

Each Marijuana Establishment must implement sufficient safety measures to deter and prevent unauthorized entrance into areas containing marijuana and theft of marijuana at the Marijuana Establishment. Security measures taken by the

establishments to protect the premises, employees, consumers and general public shall include, but not be limited to, the following:

- Positively identifying individuals seeking access to the premises of the Marijuana Establishment or to whom or marijuana products are being transported pursuant to 935 CMR 500.105(14) to limit access solely to individuals 21 years of age or older;
- Adopting procedures to prevent loitering and ensure that only individuals engaging in activity expressly or by necessary implication permitted by these regulations and its enabling statute are allowed to remain on the premises;
- Disposing of marijuana in accordance with 935 CMR 500.105(12) in excess of the quantity required for normal, efficient operation as established within 935 CMR 500.105;
- Securing all entrances to the Marijuana Establishment to prevent unauthorized access;
- Establishing limited access areas pursuant to 935 CMR 500.110(4), which shall be accessible only to specifically authorized personnel limited to include only the minimum number of employees essential for efficient operation;
- Storing all finished marijuana products in a secure, locked safe or vault in such a manner as to prevent diversion, theft and loss;
- Keeping all safes, vaults, and any other equipment or areas used for the production, cultivation, harvesting, processing or storage of marijuana products securely locked and protected from entry, except for the actual time required to remove or replace marijuana;
- Keeping all locks and security equipment in good working order;
- Prohibiting keys, if any, from being left in the locks or stored or placed in a location accessible to persons other than specifically authorized personnel;
- Prohibiting accessibility of security measures, such as combination numbers, passwords or electronic or biometric security systems, to persons other than specifically authorized personnel;
- Ensuring that the outside perimeter of the Marijuana Establishment is sufficiently lit to facilitate surveillance, where applicable;
- Ensuring that all marijuana products are kept out of plain sight and are not visible from a public place without the use of binoculars, optical aids or aircraft;
- Developing emergency policies and procedures for securing all product following any instance of diversion, theft or loss of marijuana, and conduct an assessment to determine whether additional safeguards are necessary;
- Developing sufficient additional safeguards as required by the CCC for Marijuana Establishment that present special security concerns; and
- Sharing the Marijuana Establishment's security plan and procedures with law enforcement authorities and fire services and periodically updating law enforcement authorities and fire services if the plans or procedures are modified in a material way.

Marijuana must be stored in special limited access areas, and alarm systems must meet certain technical requirements, including the ability to record footage to be retained for at least 90 days.

Massachusetts Transportation Requirements (Adult-Use)

Marijuana products may only be transported between licensed Marijuana Establishment by registered Marijuana Establishment agents. A licensed marijuana transporter may contract with a licensed Marijuana Establishment to transport that licensee's marijuana products to other licensed Marijuana Establishments. The originating and receiving licensed Marijuana Establishment shall ensure that all transported marijuana products are linked to the seed-to-sale tracking program. For the purposes of tracking, seeds and clones will be properly tracked and labeled in a form and manner determined by the CCC. Any marijuana product that is undeliverable or is refused by the destination Marijuana Establishment shall be transported back to the originating Marijuana Establishment. All vehicles transporting marijuana products shall be staffed with a minimum of two Marijuana Establishment agents. At least one agent shall remain with the vehicle at all times that the vehicle contains marijuana or marijuana products. Prior to the products leaving a Marijuana Establishment for the purpose of transporting marijuana products, the originating Marijuana Establishment must weigh, inventory, and account for, on video, all marijuana products to be transported. Within eight hours after

arrival at the destination Marijuana Establishment, the destination Marijuana Establishment must re-weigh, re-inventory, and account for, on video, all marijuana products transported. When videotaping the weighing, inventorying, and accounting of marijuana products before transportation or after receipt, the video must show each product being weighed, the weight, and the manifest. Marijuana products must be packaged in sealed, labeled, and tamper or child-resistant packaging prior to and during transportation. In the case of an emergency stop during the transportation of marijuana products, a log must be maintained describing the reason for the stop, the duration, the location, and any activities of personnel exiting the vehicle. A Marijuana Establishment or a marijuana transporter transporting marijuana products is required to ensure that all transportation times and routes are randomized. An Marijuana Establishment or transporter transporting marijuana products shall ensure that all transport routes remain within Massachusetts. All vehicles and transportation equipment used in the transportation of cannabis products or edibles requiring temperature control for safety must be designed, maintained, and equipped as necessary to provide adequate temperature control to prevent the cannabis products or edibles from becoming unsafe during transportation, consistent with applicable requirements pursuant to 21 CFR 1.908(c).

Vehicles used for transport must be owned or leased by the Marijuana Establishment or transporter, and they must be properly registered, inspected, and insured in Massachusetts. Marijuana may not be visible from outside the vehicle, and it must be transported in a secure, locked storage compartment. Each vehicle must have a global positioning system, and any agent transporting marijuana must have access to a secure form of communication with the originating location.

CCC Inspections

The CCC or its agents may inspect a Marijuana Establishment and affiliated vehicles at any time without prior notice in order to determine compliance with all applicable laws and regulations. All areas of a Marijuana Establishment, all Marijuana Establishment agents and activities, and all records are subject to such inspection. Marijuana Establishments must immediately upon request make available to the Commission all information that may be relevant to a CCC inspection, or an investigation of any incident or complaint. A Marijuana Establishment must make all reasonable efforts to facilitate the CCC's inspection, or investigation of any incident or complaint, including the taking of samples, photographs, video or other recordings by the CCC or its agents, and to facilitate the CCC's interviews of Marijuana Establishment agents. During an inspection, the CCC may direct a Marijuana Establishment to test marijuana for contaminants as specified by the CCC, including but not limited to mold, mildew, heavy metals, plant growth regulators, and the presence of pesticides not approved for use on marijuana by the Massachusetts Department of Agricultural Resources.

Moreover, the CCC is authorized to conduct a secret shopper program to ensure compliance with all applicable laws and regulations.

U.S. Attorney Statements in Massachusetts

In January 2018, Andrew E. Lelling, the US Attorney for the District of Massachusetts, issued the following statement: "I understand that there are people and groups looking for additional guidance from this office about its approach to enforcing federal laws criminalizing marijuana cultivation and trafficking. I cannot, however, provide assurances that certain categories of participants in the state-level marijuana trade will be immune from federal prosecution. This is a straightforward rule of law issue. Congress has unambiguously made it a federal crime to cultivate, distribute and/or possess marijuana. As a law enforcement officer in the Executive Branch, it is my sworn responsibility to enforce that law, guided by the Principles of Federal Prosecution. To do that, however, I must proceed on a case-by-case basis, assessing each matter according to those principles and deciding whether to use limited federal resources to pursue it. Deciding, in advance, to immunize a certain category of actors from federal prosecution would be to effectively amend the laws Congress has already passed, and that I will not do. The kind of categorical relief sought by those engaged in state-level marijuana legalization efforts can only come from the legislative process."

Nevada

Nevada has a legislatively enacted medical marijuana program since 2013 and passed adult-use legalization by voter initiative in November 2016. In 2000, Nevada voters passed a medical marijuana initiative allowing physicians to

recommend cannabis for an inclusive set of qualifying conditions including chronic pain and created a limited non-commercial medical marijuana patient/caregiver system. Senate Bill 374, which passed the legislature and was signed by the Governor in 2013, expanded this program and established a for-profit regulated medical marijuana business industry.

The Nevada Division of Public and Behavioral Health licensed medical marijuana establishments up until July 1, 2017 when the State's medical marijuana program merged with adult-use marijuana enforcement under the State of Nevada Department of Taxation, Marijuana Enforcement Division (the "**Nevada Taxation Department**"). In 2014, Nevada accepted medical marijuana business applications and a few months later the division approved 182 cultivation licenses, 118 licenses for the production of edibles and infused products, 17 independent testing laboratories, and 55 medical marijuana dispensary licenses. The number of dispensary licenses was then increased to 66 by legislative action in 2015. The application process is merit-based, competitive, and is currently closed. Residency is not required to own or invest in a Nevada medical cannabis business. In addition, vertical integration is neither required nor prohibited. Nevada's medical law includes patient reciprocity, which permits medical patients from other States to purchase marijuana from Nevada dispensaries. Nevada also allows for dispensaries to deliver medical marijuana to patients.

Each medical marijuana establishment must register with the Nevada Taxation Department and apply for a medical marijuana establishment registration certificate. As noted above, the application process is competitive, and, among other requirements, there are minimum liquidity requirements and restrictions on the geographic location of a medical marijuana establishment as well as restrictions relating to the age and criminal background of employees, owners, officers and board members of the establishment. All employees must be over 21 and all owners, officers and board members must not have any previous felony convictions or had a previously granted medical marijuana registration revoked. Additionally, each volunteer, employee, officer, board member, and owner of an effective 5% or greater interest of a medical marijuana establishment must be individually registered with the Nevada Taxation Department as a medical marijuana agent and hold a valid medical marijuana establishment agent card. The establishment must have adequate security measures and use an electronic verification system and inventory control system. If the proposed medical marijuana establishment will sell or deliver edible marijuana products or marijuana-infused products, the proposed establishment must establish operating procedures for handling such products, which must be preapproved by the Nevada Taxation Department.

In response to the rescission of the Cole Memorandum, Nevada Attorney General Adam Laxalt had issued a public statement, pledging to defend the law after it was approved by voters. Then-Governor Brian Sandoval also stated, "Since Nevada voters approved the legalization of adult-use marijuana in 2016, I have called for a well-regulated, restricted and respected industry. My administration has worked to ensure these priorities are met while implementing the will of the voters and remaining within the guidelines of both the Cole and Wilkinson federal memos," and that he would like for Nevada to follow in the footsteps of Colorado, where the U.S. attorneys do not plan to change the approach to prosecuting crimes involving adult-use marijuana.

To the knowledge of the GGB's management, there have not been any additional statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Nevada.

In determining whether to issue a medical marijuana establishment registration certificate pursuant to NRS 453A.322, the Nevada Taxation Department, in addition the application requirements set out, considers the following criteria of merit:

- the total financial resources of the applicant, both liquid and illiquid;
- the previous experience of the persons who are proposed to be owners, officers or board members of the proposed medical marijuana establishment at operating other businesses or non-profit organizations;
- the educational achievements of the persons who are proposed to be owners, officers or board members of the proposed medical marijuana establishment;
- any demonstrated knowledge or expertise on the part of the persons who are proposed to be owners, officers or board members of the proposed medical marijuana establishment with respect to the compassionate use of marijuana to treat medical conditions;

- whether the proposed location of the proposed medical marijuana establishment would be convenient to serve the needs of persons who are authorized to engage in the medical use of marijuana;
- the likely impact of the proposed medical marijuana establishment on the community in which it is proposed to be located;
- the adequacy of the size of the proposed medical marijuana establishment to serve the needs of persons who are authorized to engage in the medical use of marijuana;
- whether the applicant has an integrated plan for the care, quality and safekeeping of medical marijuana from seed to sale;
- the amount of taxes paid to, or other beneficial financial contributions made to, the State of Nevada or its political subdivisions by the applicant or the persons who are proposed to be owners, officers or board members of the proposed medical marijuana establishment; and
- any other criteria of merit that the Nevada Taxation Department determines to be relevant.

A medical marijuana establishment registration certificate expires 1 year after the date of issuance and may be renewed upon resubmission of the application information and renewal fee to the Nevada Taxation Department.

The Company (through its subsidiary in the State of Nevada) is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of Nevada.

Adult-Use Marijuana Program

The sale of marijuana for adult-use in Nevada was approved by ballot initiative on November 8, 2016, and Nevada Revised Statute 453D exempts a person who is 21 years of age or older from state or local prosecution for possession, use, consumption, purchase, transportation or cultivation of certain amounts of marijuana and requires the Nevada Taxation Department to begin receiving applications for the licensing of marijuana establishments on or before January 1, 2018. The legalization of retail marijuana does not change the medical marijuana program.

In February 2017, the Nevada Taxation Department announced plans to issue “early start” adult-use marijuana establishment licenses in the summer of 2017. These licenses, which began on July 1, 2017, allowed marijuana establishments holding both a retail marijuana store and dispensary license to sell their existing medical marijuana inventory as either medical or adult-use marijuana, and expired at the end of the year. As of July 1, 2017, medical and adult-use marijuana have incurred a 15% excise tax on the first wholesale sale (calculated on the fair market value) and adult-use cannabis has incurred an additional 10% special retail marijuana sales tax in addition to any general State and local sales and use taxes.

On January 16, 2018, the Nevada Taxation Department issued final rules governing its adult-use marijuana program, pursuant to which up to sixty-six (66) permanent adult-use marijuana dispensary licenses will be issued. Existing adult-use marijuana licensees under the “early start” regulations must re-apply for licensure under the permanent rules in order to continue adult-use sales.

Under Nevada’s adult-use marijuana law, the Nevada Taxation Department licenses marijuana cultivation facilities, product manufacturing facilities, distributors, retail stores and testing facilities. For the first 18 months, applications to the Nevada Taxation Department for adult-use distribution establishment licenses can only be accepted from existing medical marijuana establishments and existing liquor distributors.

In September, 2018, the Nevada Taxation Department accepted applications from existing Nevada medical marijuana establishment certificate owners to be awarded licenses for approximately 65 retail marijuana stores throughout the State. The application period closed on September 20, 2018, and the additional retail store licenses were awarded by the Nevada Taxation Department on December 5, 2018.

Regulatory Framework

The State of Nevada utilizes METRC as its statewide seed-to-sale tracking system for all marijuana and marijuana products. All licensees within the State system are required, either directly or through third-party software systems that

are capable of data integration, to report to the State all creation and transfers of such inventory to other licensees and sales to consumers. The Company (through its subsidiary) intends to designate a third-party computerized seed-to-sale inventory software tracking system designed to integrate with METRC via an application programming interface.

Licensing Requirements

As discussed above, there are five certificate/license types issued in the State of Nevada:

1. “Marijuana cultivation facility” means an entity licensed to cultivate, process, and package marijuana, to have marijuana tested by a marijuana testing facility, and to sell marijuana to retail marijuana stores, to marijuana product manufacturing facilities, and to other marijuana cultivation facilities, but not to consumers. NRS 453D.030(9).
2. “Marijuana product manufacturing facility” means an entity licensed to purchase marijuana, manufacture, process, and package marijuana and marijuana products, and sell marijuana and marijuana products to other marijuana product manufacturing facilities and to retail marijuana stores, but not to consumers. NRS 453D.030(12).
3. “Retail marijuana store” means an entity licensed to purchase marijuana from marijuana cultivation facilities, to purchase marijuana and marijuana products from marijuana product manufacturing facilities and retail marijuana stores, and to sell marijuana and marijuana products to consumers. NRS 453D.030(18).
4. “Marijuana distributor” means an entity licensed to transport marijuana from a marijuana establishment to another marijuana establishment. NRS 453D.030(10).
5. “Marijuana testing facility” means an entity licensed to test marijuana and marijuana products, including for potency and contaminants. NRS 453D.030(15).

The table below describes the cannabis-related licenses held by the Company and its subsidiaries in the State of Nevada:

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable)	Description
Wellness Orchards of Nevada LLC	Medical Cultivation License No. 06113068616119421027	Pahrump	6/30/20	Cultivation
Wellness Orchards of Nevada LLC	Adult-Use / Cultivation License No. 75650075113718192894	Pahrump	6/30/20	Cultivation
Nevada Organic Remedies LLC	Adult-Use Dispensary License No. 024414260227553521200	Las Vegas	6/30/20	Retail
Nevada Organic Remedies LLC	Medical Dispensary License No. 51266222807288437193	Las Vegas	6/30/20	Medical
Nevada Organic Remedies LLC	Adult-Use / Cultivation License No. 89537461737742132623	Las Vegas	6/30/20	Cultivation
Nevada Organic	Distribution	Las Vegas	6/30/20	Distribution

Remedies LLC	License No. 66956185074616370216			
Nevada Organic Remedies LLC	Medical Cultivation License No. 88242054656300627601	Las Vegas	6/30/20	Cultivation
Nevada Organic Remedies LLC	Medical Production License No. 72792951478780009507	Las Vegas	6/30/20	Production
Nevada Organic Remedies LLC	Adult-Use Production License No. 88853210986743836974	Las Vegas	6/30/20	Production

The table below describes the cannabis-related licenses held by Henderson Organic and its subsidiaries in the State of Nevada (expected to be transferred to the Company on or around August 28, 2019, being the expected completion date of the Henderson Acquisition):

Holding Entity	Permit/License	Issuing Entity	City	Expiration/Renewal Date (if applicable)	Description
Henderson Organic Remedies LLC	Medical Dispensary License No. 30554192662175908311	NV. Dept. of Taxation	Henderson	6/30/20	Medical
Henderson Organic Remedies LLC	Adult-Use Dispensary License No. 59287610826909824091	NV. Dept. of Taxation	Henderson	6/30/20	Retail

Moxie is not licensed in the State of Nevada, but has an advisory services agreement and a brand license agreement with the Nevada Partner and has the right to advise marijuana operations with the Nevada Partner, a Nevada license holder for medical and marijuana cultivation and production.

Administration of the regular retail program in Nevada is governed by Nevada Revised Statutes Section 453D and the Adopted Regulation of the Nevada Department of Taxation, LCB File R092-17 (the “**Nevada Adult-Use Regulation**”). The Nevada Adult-Use Regulation was adopted on February 27, 2018 and is a regulation relating to marijuana responsible for: (i) revising requirements relating to independent testing laboratories; (ii) providing for the licensing of marijuana establishments and registration of marijuana establishment agents; (iii) providing requirements concerning the operation of marijuana establishments; (iv) providing additional requirements concerning the operation of marijuana cultivation facilities, marijuana distributors, marijuana product manufacturing facilities, marijuana testing facilities and retail marijuana stores; (v) providing standards for the packaging and labeling marijuana and marijuana products; (vi) providing requirements relating to the production of edible marijuana products and other marijuana products; (vii) providing standards for the cultivation and production of marijuana; (viii) establishing requirements relating to advertising by marijuana establishments; (ix) establishing provisions relating to the collection of excise taxes from marijuana establishments; (x) establishing provisions relating to dual licensees; and (xi) providing other matters properly relating thereto.

In the State of Nevada, only cannabis that is grown or produced in the state by a licensed establishment may be sold in the state. The Nevada regulatory regime does not mandate or prohibit vertically integrated facilities and only permits the holder of a retail dispensary license and registration certificate to purchase marijuana from cultivation facilities, marijuana and marijuana products from product manufacturing facilities and marijuana from other retail stores, for the sale of such products to consumers.

A medical cultivation license permits its holder to acquire, possess, cultivate, deliver, transfer, have tested, transport, supply or sell marijuana and related supplies to medical marijuana dispensaries, facilities for the production of edible medical marijuana products and/or medical marijuana-infused products, or other medical marijuana cultivation facilities.

The medical product manufacturing license permits its holder to acquire, possess, manufacture, deliver, transfer, transport, supply, or sell edible marijuana products or marijuana infused products to other medical marijuana production facilities or medical marijuana dispensaries.

Medical marijuana establishment certificates and adult-use marijuana facility licenses are issued independently to specific owners and at identified locations. Ownership of certificates and licenses is transferable in accordance with the Nevada Taxation Department's policies and procedures, including completion of a background investigation. Establishment certificates and facility licenses may only be relocated to a new location within the identified local jurisdiction.

All licenses expire one year after the date of issue. The Nevada Taxation Department shall issue a renewal license within 10 days after the receipt of a renewal application and applicable fee if the license is not then under suspension or has not been revoked.

Security Requirements

To prevent unauthorized access to marijuana at a Nevada-licensed marijuana establishment, the marijuana establishment must have security equipment to deter and prevent unauthorized entrance into limited access areas. Such security equipment includes, without limitation:

- Devices or a series of devices to detect unauthorized intrusion;
- Exterior lighting to facilitate surveillance;
- Electronic monitoring, including, without limitation, each of the following:
 - At least one call-up monitor that is 19 inches or more;
 - A video printer capable of immediately producing a clear still photo from any video camera image;
 - Video cameras or specified resolution and which is capable of identifying any activity occurring within the marijuana establishment in low light conditions 24 hours per day;
 - A method for storing video recordings from the video cameras for at least 30 calendar days in a secure on-site or off-site;
 - A failure notification system that provides an audible and visual notification of any failure in the electronic monitoring system; and
 - Sufficient battery backup for video cameras and recording equipment to support at least 5 minutes of recording in the event of a power outage.
- Immediate automatic or electronic notification to alert local law enforcement agencies of an unauthorized breach of security at the marijuana establishment in the interior of each building of the marijuana establishment; and
- Policies and procedures:
 - That restrict access to the areas of the marijuana establishment that contain marijuana to persons authorized to be in those areas only;
 - That provide for the identification of persons authorized to be in the areas of the marijuana establishment that contain marijuana;
 - That prevent loitering;
 - For conducting electronic monitoring;
 - For the use of the automatic or electronic notification to alert local law enforcement agencies of an unauthorized breach of security at the marijuana establishment;

- o For limiting the amount of money available in any retail areas of the marijuana establishment and/or training employees on this practice;
- o For notifying the public of the minimal amount of money available, which may include, without limitation, the posting of a sign;
- o For maintaining communication with law enforcement agencies; and
- o For providing and receiving notifications regarding burglary, attempted burglary, robbery, attempted robbery and other suspicious activity.

Transportation

In Nevada, marijuana may only be transported from a licensed cultivation or production facility to a licensed retail marijuana establishment by a licensed marijuana distributor. Prior to transporting the marijuana or marijuana products, the distributor must complete a trip plan which includes: the agent name and registration number providing and receiving the marijuana; the date and start time of the trip; a description, including the amount, of the marijuana or marijuana products being transported; and the anticipated route of transportation.

During the transportation of marijuana or marijuana products, the licensed marijuana distributor agent must: (a) carry a copy of the trip plan with him or her for the duration of the trip; (b) have his or her marijuana establishment agent card in his or her immediate possession; (c) use a vehicle without any identification relating to marijuana and which is equipped with a secure lockbox or locking cargo area which must be used for the sanitary and secure transportation of marijuana, or marijuana products; (d) have a means of communicating with the marijuana establishment for which he or she is providing the transportation; and (e) ensure that all marijuana or marijuana products are not visible. After transporting marijuana or marijuana products a licensed marijuana distributor agent must enter the end time of the trip and any changes to the trip plan that was completed.

Each licensed marijuana distributor agent transporting marijuana or marijuana products must report any: (a) vehicle accident that occurs during the transportation to a person designated by the marijuana distributor to receive such reports within two (2) hours after the accident occurs; and (b) loss or theft of marijuana or marijuana products that occurs during the transportation to a person designated by the marijuana distributor to receive such reports immediately after the marijuana establishment agent becomes aware of the loss or theft. A marijuana distributor that receives a report of loss or theft pursuant to this paragraph must immediately report the loss or theft to the appropriate law enforcement agency and to the Nevada Taxation Department. The distributor must report any unauthorized stop that lasts longer than two (2) hours to the Nevada Taxation Department.

A marijuana distributor shall maintain the required documents and provide a copy of the documents required to the Nevada Taxation Department for review upon request. Each marijuana distributor shall maintain a log of all received reports.

Employees of licensed marijuana distributors, including drivers transporting marijuana and marijuana products, must be 21 years of age or older and must obtain a valid marijuana establishment agent registration card issued by the Nevada Taxation Department. If a marijuana distributor is co-located with another type of business, all employees of co-located businesses must have marijuana establishment agent registration cards unless the co-located business does not include common entrances, exits, break room, restrooms, locker rooms, loading docks, and other areas as are expedient for business and appropriate for the site as determined and approved by Nevada Taxation Department inspectors. While engaged in the transportation of marijuana and marijuana products, any person that occupies a transport vehicle when it is loaded with marijuana or marijuana products must have their physical marijuana establishment agent registration card in their possession.

All drivers must carry in the vehicle valid driver's insurance at the limits required by the State of Nevada and the Nevada Taxation Department. All drivers must be bonded in an amount sufficient to cover any claim that could be brought, or disclose to all parties that their drivers are not bonded. Marijuana establishment agent registration cardholders and the licensed marijuana distributor they work for are responsible for the marijuana and marijuana product once they take control of the product and leave the premises of the marijuana establishment.

There is no load limit on the amount or weight of marijuana and marijuana products that are being transported by a licensed marijuana distributor. Marijuana distributors are required to adhere to Nevada Taxation Department regulations and those required through their insurance coverage. When transporting by vehicle, marijuana and marijuana product must be in a lockbox or locked cargo area. A trunk of a vehicle is not considered secure storage unless there is no access from within the vehicle and it is not the same key access as the vehicle. Live plants can be transported in a fully enclosed, windowless locked trailer or secured area inside the body/compartments of a locked van or truck so that they are not visible to the outside. If the value of the marijuana and marijuana products being transported by vehicle is in excess of \$10,000 (the insured value per the shipping manifest), the transporting vehicle must be equipped with a car alarm with sound or have no less than two (2) of the marijuana distributor's marijuana establishment agent registration cardholders involved in the transportation. All marijuana and marijuana product must be tagged for purposes of inventory tracking with a unique identifying label as required by the Nevada Taxation Department and remain tagged during transport. This unique identifying label should be similar to the stamp for cigarette distribution. All marijuana and marijuana product when transported by vehicle must be transported in sealed packages and containers and remain unopened during transport. All marijuana and marijuana product transported by vehicle should be inventoried and accounted for in the inventory tracking system. Loading and unloading of marijuana and marijuana products from the transporting vehicle must be within view of existing video surveillance systems prior to leaving the origination location. Security requirements are required for the transportation of marijuana and marijuana products.

Department Inspections

Each establishment that has been granted a provisional operating certificate by the Nevada Taxation Department must undergo facility and audit inspections by the Nevada Taxation Department prior to the issuance of a final registration certificate. Additionally, the issuance of a registration certificate is considered provisional until the establishment is in compliance with all applicable local government requirements including, without limitation, the issuance of a local business license.

After an establishment registration certificate has been issued, the marijuana establishment is subject to reasonable inspection from the Nevada Taxation Department and a licensee must make himself or herself, or an agent, available and present for any inspection required by the Nevada Taxation Department.

Delivery and Online Distribution

There are specific situations in which the delivery of marijuana to customers is allowed under the Nevada Taxation Department regulations. Delivery services to customers may only be carried out by retail stores that are licensed properly by the Nevada Taxation Department. Deliveries can only be brought to the residential addresses of customers and only within the State of Nevada. Delivery was allowed as soon as retail marijuana sales began on July 1, 2017, although those regulations were only temporary. Drivers may not deliver more than the legal amount of marijuana, which is currently one ounce, in compliance with the existing seed-to-sale tracking system. See "Cannabis Market Overview – Legal and Regulatory Matters – Nevada State Level Overview – Regulatory Framework". Marijuana or marijuana products may not be shipped via the US Postal Service or via any private courier.

Adult-Use Marijuana

Nevada law permits a person 21 years of age or older to possess, use, consume, purchase, obtain, process, or transport marijuana paraphernalia, one ounce or less of marijuana other than concentrated marijuana, or one-eighth of an ounce or less of concentrated marijuana.

U.S. Attorney Statement in Nevada

In June 2019, Nicholas Trutanich, U.S. Attorney for the District of Nevada stated that "Marijuana remains illegal under federal law, and my job is to enforce federal law."

Florida

Florida Regulatory Landscape

The State of Florida has not legalized the adult-use of cannabis. In 2014, the Florida Legislature passed the Compassionate Use Act which was the first legal medical cannabis program in the state's history. The original Compassionate Use Act only allowed for low-THC cannabis to be dispensed and purchased by patients suffering from cancer and epilepsy. In 2016, the Legislature passed the Right To Try Act which allowed for full potency cannabis to be dispensed to patients suffering from a diagnosed terminal condition. Also in 2016, the Florida Medical Marijuana Legalization Initiative was introduced by citizen referendum and passed with a 71.3% majority on November 8. This language amended the state constitution and mandated an expansion of the state's medical cannabis program.

The Florida Medical Marijuana Legalization Initiative, Amendment 2 ("**Amendment 2**"), and the expanded qualifying medical conditions, became effective on January 3, 2017. The Florida Department of Health ("**FDOH**"), physicians, dispensing organizations, and patients are also subject to Article X Section 29 of the Florida Constitution and §381.986 of the Florida Statutes. On June 9, 2017, the Florida House of Representatives and Florida Senate passed respective legislation to implement the expanded program by replacing large portions of the existing Compassionate Use Act, which officially became law on June 23, 2017. The law regulating Amendment 2 provides for another four licenses to be issued for every 100,000 patients added to the state's medical marijuana registry and currently allows MMTCs to open 30 dispensaries, plus an additional five dispensaries for every 100,000 patients.

The Company is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of Florida.

Florida Licenses

Subsection 381.986(8)(a) of the State of Florida Statutes provides a vertically-integrated regulatory framework that requires licensed producers, which are statutorily defined as "Medical Marijuana Treatment Centers" ("**MMTC**"), to cultivate, process and dispense medical cannabis in a vertically integrated marketplace. Licenses issued by the FDOH may be renewed biennially so long as the license meets the requirements of the law and the license holder pays a renewal fee. License holders can only own one license.

The license permits the sale of derivative products produced from extracted cannabis plant oil as medical cannabis to qualified patients to treat certain medical conditions. In Florida, there is no state-imposed limitation on the permitted size of cultivation or processing facilities, nor is there a limit on the number of plants that may be grown.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable)	Description
Spring Oaks Greenhouses, Inc.	Vertical MMTC	N/A	On or about April 19, 2021	Cultivation, production, and medical sale

Dispensaries may be located in any location throughout the State of Florida as long as the local government has not issued a prohibition against MMTC dispensaries in their respective municipality. Provided there is not a ban, the Company may locate a dispensary in a site zoned for a pharmacy so long as the location is greater than 500 feet from a public or private elementary, middle, or secondary school.

Florida Reporting Requirements

The FDOH requires that any licensee establish, maintain, and control a computer software tracking system that traces cannabis from seed to sale and allows real-time, 24-hour access by the FDOH to such data. The tracking system must allow for integration of other seed-to-sale systems and, at a minimum, include notification of when marijuana seeds are planted, when marijuana plants are harvested and destroyed, and when cannabis is transported, sold, stolen, diverted, or lost. Additionally, the FDOH also maintains a patient and physician registry and the Company must comply with requirements and regulations relative to providing required data or proof of key events to said system.

Florida Licensing Requirements

Licenses issued by the FDOH are renewed biennially so long as the licensee meets requirements of the law and pays a renewal fee. Provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, the Company would expect to receive the applicable renewed license in the ordinary course of business. While the Company's compliance controls have been developed to mitigate the risk of any material violations of a license arising, there is no assurance that the licenses will be renewed in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process could impede the ongoing or planned operations of the Company and have a material adverse effect on its business, financial condition, results of operations, or prospects.

MMTC license holders can only own one license. An MMTC applicant must demonstrate that: (i) they have been registered to do business in the State of Florida for the previous five years, (ii) they possess a valid certificate of registration issued by the Florida Department of Agriculture, (iii) they have the technical and technological ability to cultivate and produce cannabis, including, but not limited to, low-THC cannabis, (iv) they have the ability to secure the premises, resources, and personnel necessary to operate as an MMTC, (v) they have the ability to maintain accountability of raw materials, finished products, and by-products to prevent diversion or unlawful access to or possession of these substances, (vi) they have an infrastructure reasonably required to dispense cannabis to registered qualified patients statewide or regionally as determined by the FDOH, (vii) they have the financial ability to maintain operations for the duration of the two-year approval cycle, including the provision of certified financial statements to the FDOH, (viii) its owners, officers, board members and managers have passed a Level II background screening, inclusive of fingerprinting, and ensure that a medical director is employed to supervise the activities of the MMTC, and (ix) they have a diversity plan and veterans plan accompanied by a contractual process for establishing business relationships with veterans and minority contractors and/or employees. Upon approval of the application by the FDOH, the applicant must post a performance bond of up to US\$5,000,000, which may be reduced by meeting certain criteria such as a minimum patient count.

Florida Dispensary Requirements

An MMTC may not dispense more than a 70-day supply of cannabis. The MMTC employee who dispenses the cannabis must enter into the registry his or her name or unique employee identifier. The MMTC must verify that: (i) the qualified patient and the caregiver, if applicable, each has an active registration in the registry and active and valid medical cannabis use registry identification card, (ii) the amount and type of cannabis dispensed matches the physician certification in the registry for the qualified patient, and (iii) the physician certification has not already been filled. An MMTC may not dispense to a qualified patient younger than 18 years of age, only to such patient's caregiver. An MMTC may not dispense or sell any other type of cannabis, alcohol, or illicit drug-related product, except a cannabis delivery device as specified in the physician certification. An MMTC must, upon dispensing, record in the registry: (i) the date, time, quantity and form of cannabis dispensed, (ii) the type of cannabis delivery device dispensed, and (iii) the name and registry identification number of the qualified patient or caregiver to whom the cannabis delivery device was dispensed. An MMTC must ensure that patient records are not visible to anyone other than the patient, caregiver, and MMTC employees.

Florida Security, Transportation, and Storage Requirements

Each MMTC must maintain a video surveillance system with specified features. MMTCs must retain video surveillance recordings for at least 45 days, or longer upon the request of law enforcement.

An MMTC's outdoor premises must have sufficient lighting from dusk until dawn. An MMTC's dispensing facilities must include a waiting area with sufficient space and seating to accommodate qualified patients and caregivers and at least one private consultation area and such facilities may not display products or dispense cannabis or cannabis delivery devices in the waiting area and may not dispense cannabis from its premises between the hours of 9:00 p.m. and 7:00 a.m. but may perform all other operations and deliver cannabis to qualified patients 24-hours a day.

Cannabis must be stored in a secured, locked room or a vault. An MMTC must have at least two employees, or two employees of a security agency, on the premises at all times where cultivation, processing, or storing of cannabis

occurs. MMTC employees must wear an identification badge and visitors must wear a visitor pass at all times on the premises. An MMTC must report to law enforcement within 24 hours after the MMTC is notified of or becomes aware of the theft, diversion or loss of cannabis. A cannabis transportation manifest must be maintained in any vehicle transporting cannabis or a cannabis delivery device. The manifest must be generated from the MMTC's seed-to-sale tracking system and must include the: (i) departure date and time, (ii) name, address, and license number of the originating MMTC, (iii) name and address of the recipient, (iv) quantity and form of any cannabis or cannabis delivery device being transported, (v) arrival date and time, (vi) delivery vehicle make and model and license plate number; and (vii) name and signature of the MMTC employees delivering the product. Further, a copy of the transportation manifest must be provided to each individual, MMTC that receives a delivery. MMTCs must retain copies of all cannabis transportation manifests for at least three years. Cannabis and cannabis delivery devices must be locked in a separate compartment or container within the vehicle and employees transporting cannabis or cannabis delivery devices must have their employee identification on them at all times. Lastly, at least two people must be in a vehicle transporting cannabis or cannabis delivery devices, and at least one person must remain in the vehicle while the cannabis or cannabis delivery device is being delivered.

Florida Inspections

The FDOH conducts announced and unannounced inspections of MMTCs to determine compliance with the laws and rules. The FDOH shall inspect an MMTC upon receiving a complaint or notice that the MMTC has dispensed cannabis containing mold, bacteria, or other contaminants that may cause an adverse effect to humans or the environment. The FDOH shall conduct at least a biennial inspection of each MMTC to evaluate the MMTC's records, personnel, equipment, security, sanitation practices, and quality assurance practices.

U.S. Attorney Statements in Florida

To the knowledge of management of GGB, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Florida. See "Risk Factors - United States Regulatory Uncertainty".

Arizona

Arizona Regulatory Landscape

In 2010, Arizona passed Ballot Proposition 203, which amended Title 36 to the Arizona Revised Statutes. This amendment added Chapter 28.1, titled the Arizona Medical Marijuana Act (the "**AMMA**"). The AMMA is codified in Arizona Revised Statutes § 36-2801 *et. seq.* The AMMA also appointed the Arizona Department of Health Services ("**ADHS**") as the regulator for the program and authorized ADHS to promulgate, adopt and enforce regulations for the AMMA. These ADHS regulations are embodied in the Arizona Administrative Code Title 9 Chapter 17 (the "**Rules**"). ARS § 36-2801(11) defines a "nonprofit medical cannabis dispensary" as a not-for-profit entity that acquires, possesses, cultivates, manufactures, delivers, transfers, transports, supplies, sells or dispenses cannabis or related supplies and educational materials to cardholders.

The ADHS has established the medical marijuana program, which includes a vertically integrated license, meaning if allocated a Medical Marijuana Dispensary Registration Certificate (a "**Certificate**"), entities are authorized to dispense and cultivate medical cannabis. Each Certificate allows the holding entity to operate one on-site cultivation facility, and one off-site cultivation facility which can be located anywhere within the State of Arizona. An entity holding a Certificate is required to file an application to renew with the ADHS on an annual basis, which must also include audited annual financial statements. While a Certificate may not be sold, transferred or otherwise conveyed, Certificate holders typically contract with third parties to provide various services related to the ongoing operation, maintenance, and governance of its dispensary and/or cultivation facility so long as such contracts do not violate the requirements of the AMMA or the medical marijuana program.

The ADHS had until April 2012 to establish a registration application system for patients and nonprofit marijuana dispensaries, as well as a web-based verification platform for use by law officials and dispensaries to verify a patient's status as such. It also specified patients' rights, qualifying medical conditions, and allowed out-of-state medical

marijuana patients to maintain their patient status (though not to purchase cannabis). On December 6, 2012, Arizona's first licensed medical marijuana dispensary opened in Glendale.

To qualify to use medical marijuana under the AMMA, a patient is required to have a debilitating medical condition. Valid medical conditions include: HIV, cancer, glaucoma, immune deficiency syndrome, hepatitis C, Crohn's disease, agitation of Alzheimer's disease, ALS, cachexia/wasting syndrome, muscle spasms, nausea, seizures, severe and chronic pain or another chronic or debilitating condition.

Moxie is not licensed in the State of Arizona but has a product advisory agreement with the Arizona Partner who has a right to manage the medical marijuana operations of an Arizona license holder for medical marijuana pursuant to a management services agreement. Pursuant to the product advisory agreement with the Arizona Partner, Moxie renders various advisory services relating to, among others, (i) the processing of source material, raw product and/or finished product consistent with Moxie's intellectual property; (ii) the packaging, labeling, distribution, sale and promotion of finished products; (iii) the marks and other Moxie intellectual property used in the promotion of the finished product; (iv) conducting marketing and promotion of the finished product; and (v) facilitating order for finished products to be filled by the Arizona Partner from authorized customers. To the knowledge of Moxie, the Arizona Partner and the Arizona license holder are in compliance with applicable licensing requirements and the regulatory framework enacted by the State of Arizona.

Arizona Licensing Requirements

In order for an applicant to receive a Certificate, it must: (i) fill out an application on the form proscribed by ADHS, (ii) submit the applicant's articles of incorporation and by-laws, (iii) submit fingerprints for each principal officer or board member of the applicant for a background check to exclude felonies, (iv) submit a business plan and policies and procedures for inventory control, security, patient education, and patient recordkeeping that are consistent with the AMMA and the Rules to ensure that the dispensary will operate in compliance, and (v) designate an Arizona licensed physician as the Medical Director for the dispensary. Certificates are renewed annually so long as the dispensary is in good standing with ADHS, pays the renewal fee, and submits an independent third-party financial audit.

Once an applicant has been issued a Certificate, they are allowed to establish one physical retail dispensary location, one cultivation location which is co-located at the dispensary's retail site (if allowed by local zoning) and one additional off-site cultivation location. None of these sites can be operational, however, until the dispensary receives an approval to operate from ADHS for the applicable site. This approval to operate requires: (i) an application on the ADHS form, (ii) demonstration of compliance with local zoning regulations, (iii) a site plan and floor plan for the applicable property, and (iv) an in-person inspection by ADHS of the applicable location to ensure compliance with the Rules and consistency with the dispensary's applicable policies and procedures.

Arizona Security Requirements for Dispensary Facilities

Any dispensary facility (both retail and cultivation) must abide by the following security requirements: (i) ensure that access to the facilities is limited to authorized agents of the dispensary who are in possession of a dispensary agent identification card, and (ii) equip the facility with: (a) intrusion alarms and surveillance equipment, (b) exterior and interior lighting to facilitate surveillance, (c) at least one 19-inch monitor for surveillance and a video capable of printing a high resolution still image, (d) high resolution video cameras at all points of sale, entrances, exits, and limited access areas, both in and around the building, (e) 30 days' video storage, (f) failure notifications and battery backups for the security system, and (g) panic buttons inside each building.

Arizona Storage Requirements

Any dispensary facility (both retail and cultivation) must abide by the following requirements for the storage of product: (i) product must be stored in an area that is separate from areas used to store toxic and flammable materials, (ii) product must be stored in a manner that is clean and sanitary, (iii) product must be protected from flies, dust, dirt, and any other contamination, and (iv) surfaces and objects used in the handling and storage of product must be cleaned daily. Additionally, the Rules establish strict inventory protocols for tracking product from "seed to sale," which requires product to be traceable to the original plants used to grow the cannabis used in the product.

Arizona Transportation Requirements

Dispensaries may transport medical cannabis between their own sites or between their sites and another dispensary's site and must comply with the following Rules: (i) prior to transportation, the dispensary agent must complete a trip plan showing: (a) the name of the dispensary agent in charge of transporting the cannabis, (b) the date and start time of the trip, (c) a description of the cannabis, cannabis plants, or cannabis paraphernalia being transported; and (d) the anticipated route of transportation, (ii) during transport the dispensary agent shall: (a) carry a copy of the trip plan at all times, (b) use a vehicle with no medical cannabis identification, (c) carry a cell phone, and (d) ensure that no cannabis is visible, and (iii) dispensaries must maintain trip plan records.

ADHS Inspections and Enforcement

ADHS may inspect a facility at any time upon five (5) days' notice to the dispensary. However, if someone has alleged that the dispensary is not in compliance with the AMMA or the Rules, ADHS may conduct an unannounced inspection. ADHS will provide written notice to the dispensary of any violations found during any inspection and the dispensary then has 20 working days to take corrective action and notify ADHS.

ADHS must revoke a Certificate if a dispensary: (i) operates before obtaining approval to operate a dispensary from ADHS, or (ii) dispenses, delivers, or otherwise transfers cannabis to an entity other than another licensed dispensary, a qualifying patient with a valid registry identification card, or a designated caregiver with a valid registry identification card, (iii) acquires usable cannabis or mature cannabis plants from any entity other than another licensed dispensary, a qualifying patient with a valid registry identification card, or a designated caregiver with a valid registry identification card, or (iv) if a principal officer or board member has been convicted of an excluded felony offense.

Furthermore, ADHS may revoke a Certificate if a dispensary does not: (i) comply with the requirements of AMMA or the Rules, (ii) implement the policies and procedures or comply with the statements provided to ADHS with the dispensary's application.

U.S. Attorney Statements in Arizona

To the knowledge of management of GGB, other than as disclosed in this Prospectus, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Arizona. See "*Risk Factors - United States Regulatory Uncertainty*".

The following sections describe the legal and regulatory landscape in the state of California in which Moxie directly operates. In addition, Moxie has negotiated product advisory agreements in Arizona, Nevada and New Jersey and equity investments in Ohio and Pennsylvania based operators and grower/processor with cannabis-related activities. For a description of legal and regulatory landscape in the State of Nevada and Arizona please see above.

California*California Regulatory Landscape*

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

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

In September 2015, the California legislature passed three bills collectively known as the Medical Cannabis Regulation and Safety Act ("**MCRSA**"). The MCRSA established a licensing and regulatory framework for medical marijuana businesses in California. The system created multiple license types for dispensaries, infused products manufacturers, cultivation facilities, testing laboratories, transportation companies, and distributors. Edible infused product

manufacturers would require either volatile solvent or non-volatile solvent manufacturing licenses depending on their specific extraction methodology. Multiple agencies would oversee different aspects of the program and businesses would require a state license and local approval to operate. However in November 2016, voters in California overwhelmingly passed Proposition 64, the Adult-Use of Marijuana Act (“AUMA”) creating an adult-use marijuana program for adults 21 years of age or older. AUMA had some conflicting provisions with MCRSA, so in June 2017, the California State Legislature passed Senate Bill No. 94, known as Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”), which amalgamates MCRSA and AUMA to provide a set of regulations to govern a medical and adult-use licensing regime for cannabis businesses in the State of California. The four agencies that regulate marijuana at the state level are the Bureau of Cannabis Control (“BCC”), California Department of Food and Agriculture, California Department of Public Health, and California Department of Tax and Fee Administration. MAUCRSA went into effect on January 1, 2018.

One of the central features of MAUCRSA is known as “local control.” In order to legally operate a medical or adult-use marijuana business in California, an operator must have both a local and state license. This requires license holders to operate in cities or counties with marijuana licensing programs. Cities and counties in California are allowed to determine the number of licenses they will issue to marijuana operators, or can choose to outright ban marijuana.

Moxie (through its subsidiary in the State of California) is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of California.

California Licenses

Moxie, through its wholly-owned California subsidiary, ANACAPA CA, LLC, is in the process of receiving retail non-storefront and distribution licenses from the BCC and a manufacturing permit issued by the California Department of Public Health. The licenses are noted as follows:

Holding Entity	Issuing Agency	Permit/License	City	Expiration/Renewal Date (if applicable)	Description
Pure CA, LLC	California Bureau of Cannabis Control	Adult-Use and Medicinal Distributor License Provisional License No: C11-0000292-LIC	Lynwood	6/9/2020	Distributor License
Pure CA, LLC	California Bureau of Cannabis Control	Adult-Use and Medicinal – Retailer Non-storefront License Provisional License No:C9-0000072-LIC	Lynwood	6/9/2020	Retailer Non-storefront License
Pure CA, LLC	California Department of Public Health, Manufactured Cannabis Safety Branch	Annual Manufacturing License (Adult and Medicinal Cannabis Products) License No.:	Lynwood	11/21/2019	License Type 7: Volatile Solvent Extraction

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California License Types

Once an operator obtains local approval, the operator must obtain state licenses before conducting any commercial marijuana activity. There are 12 different license types that cover all commercial activity. License types 1-3 and 5 authorize the cultivation of medical and/or adult-use marijuana plants. Type 4 licenses are for nurseries that cultivate and sell clones and “teens” (immature marijuana plants that have established roots but require further vegetation prior to being sent into the flowering period). Type 6 and 7 licenses authorize manufacturers to process marijuana biomass into certain value-added products such as shatter or marijuana distillate oil with the use of volatile or non-volatile solvents, depending on the license type. Type 8 licenses are held by testing facilities who test samples of marijuana products and generate “certificates of analysis,” which include important information regarding the potency of products and whether products have passed or failed certain threshold tests for pesticide and microbiological contamination. Type 9 licenses are issued to “non-storefront” retailers, commonly called delivery services, who bring marijuana products directly to customers and patients at their residences or other chosen delivery location. Type 10 licenses are issued to storefront retailers, or dispensaries, which are open to the public and sell marijuana products onsite. Type 11 licenses are known as “Transport-Only” distribution licenses, and they allow the distributor to transport marijuana and marijuana products between licensees, but not to retailers. Type 12 licenses are issued to distributors who move marijuana and marijuana products to all license types, including retailers.

California Agencies Regulating the Commercial Cannabis Industry

There are three agencies tasked with regulating the marijuana industry in California. The California Department of Food and Agriculture (CDFA) oversees nurseries and cultivators; the California Department of Public Health (CDPH) oversees manufacturers, and the newly-created Bureau of Cannabis Control (BCC) oversees distributors, retailers, delivery services, and testing laboratories. Operators must apply to one or more of these agencies for their licenses, and each agency has released regulations specific to the operation of the types of businesses they oversee. The BCC has a number of regulations that apply to all licensees, but the CDFA and CDPH regulations only apply to the licensees in their charge.

The Marijuana Supply Chain in California

In California, depending on a local government’s own marijuana ordinances, plants may be cultivated outdoors, using mixed-light methods, or fully indoors. Cultivators must initially acquire seeds, clones, teens, or other immature plants from nurseries.

The cultivation, processing, and movement of marijuana within the state is tracked by the METRC system, into which all licensees are required to input their track and trace data (either manually or using another software that automatically uploads to METRC). Immature plants are assigned a Unique Identifier number (UID), and this number follows the flowers and biomass resulting from that plant through the supply chain, all the way to the consumer. Each licensee in the supply chain is required to meticulously log any processing, packaging, and sales associated with that UID.

When marijuana plants mature and complete their life cycle, they are harvested, cured, and trimmed, in preparation of being sold to distributors or manufacturers. Cultivators have two main products: flowers, or “buds,” and the biomass, or “trim,” which is typically removed from the mature flowers. Trim is commonly sold to manufacturers for further processing into cannabis extracts. Buds may also be sold to manufacturers, or to distributors for sale to retailers. The Cultivator may package and label its marijuana flowers, or may sell flower in bulk and the distributor may package and label the flower.

Manufactured marijuana goods may be sold from a manufacturer to a distributor, but have to be provided to distributors in their final packaging. Distributors may not package manufactured marijuana goods. Certain tax rates apply to the marijuana flower and biomass, which are assessed per ounce of product sold. The tax is paid by the

cultivator to the distributor, or alternatively the manufacturer, who has the responsibility of tendering the fees to the State of California.

Marijuana in California may only be transported by licensed distributors. Some cultivators and manufacturers have their own distribution licenses, and others contract with third-party distributors. Distributors may or may not take possession of the marijuana and marijuana products. How this is evolving in California currently is that, similar to the alcohol distribution model, retailers are choosing from a portfolio of products carried by the distributors they work with. Brands are doing some direct marketing to retailers, but many brands target their marketing to distributors.

Distributors are the point in the supply chain where final quality assurance testing is performed on products before they go to a retailer. Retailers may not accept product without an accompanying certificate of analysis (“COA”). Distributors must hold product to be tested on their premises in “quarantine” and arrange for an employee of a licensed testing laboratory to come to their premises and obtain samples from any and all goods proposed to be shipped to a retailer. Marijuana and marijuana products are issued either a “pass” or “fail” by the testing laboratory. Under some circumstances, the BCC’s regulations allow for failing product to be “remediated” or to be re-labeled to more accurately reflect the COA.

Retail Compliance in California

California requires that certain warnings, images, and content information be printed on all marijuana packaging. BCC regulations also include certain requirements about tamper-evident and child-resistant packaging. Distributors and retailers are responsible for confirming that products are properly labeled and packaged before they are sold to a customer.

Consumers aged 21 and up may purchase marijuana in California from a dispensary with an “adult-use” license. Some localities still only allow medicinal dispensaries. Consumers aged 18 and up with a valid physician’s recommendation may purchase marijuana from a medicinal-only dispensary or an adult-use dispensary. Consumers without valid physician’s recommendations may not purchase marijuana from a medicinal-only dispensary. All marijuana businesses are prohibited from hiring employees under the age of 21.

Security Requirements in California

Each local government in California has its own security requirements for cannabis businesses, which usually include comprehensive video surveillance, intrusion detection and alarms, and limited access areas in the dispensary. The state also has similar security requirements, including that there be limited-access areas where only employees and other authorized individuals may enter. All licensee employees must wear employee badges. The limited access areas must be locked with “commercial-grade, non-residential door locks on all points of entry and exit to the licensed premises.”

Each licensed premises must have a digital video surveillance system that can “effectively and clearly” record images of the area under surveillance. Cameras must be “in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the licensed premises.” The regulations list specific areas which must be under surveillance, including places where cannabis goods are weighed, packed, stored, loaded, and unloaded, security rooms, and entrances and exits to the premises. Retailers must record point of sale areas on the video surveillance system.

Licensed retailers must hire security personnel to provide on-site security services for the licensed retail premises during hours of operation. All security personnel must be licensed by the Bureau of Security and Investigative Services.

California also has extensive record-keeping and track and trace requirements for all licensees.

Marijuana taxes in California

Several taxes are imposed at the point of sale and are required to be collected by the retailer. The State imposes an excise tax of 15%, and a sales and use tax is assessed on top of that. Cities and Counties apply their sales tax along with

the State's sales and use tax, and many cities and counties have also authorized the imposition of special cannabis business taxes which can range from 2% to 10% of gross receipts of the business.

U.S. Attorney Statements in California

The State of California is divided into four federal districts, each with their own appointed United States Attorney.

To the knowledge of management of GGB, other than as disclosed in this Prospectus, there have not been any statements or guidance made by the U.S. Attorneys for the Central, Northern and Southern Districts of California regarding the risk of enforcement action in California. See "Risk Factors - United States Regulatory Uncertainty".

The office of McGregor Scott, U.S. attorney for the Eastern District of California, issued the following statement in January 2018: "The cultivation, distribution and possession of marijuana has long been and remains a violation of federal law for all purposes," and that the office "will evaluate violations of those laws in accordance with our district's federal law enforcement priorities and resources."

New Jersey

New Jersey Regulatory Landscape

On January 18, 2010, the governor of New Jersey signed into law S.119, the Compassionate Use Medical Marijuana Act (the "**NJ Act**"), permitting the use of medical cannabis for persons with debilitating conditions including cancer, HIV/AIDS, ALS, Crohn's disease and any terminal illness. The law permits the New Jersey Department of Health ("**NJDH**") to create rules to add other illnesses to the permitted conditions. The NJ Law does not permit patients to grow their own cannabis but rather mandates that cannabis must be acquired through ATCs licensed by the State. Caregivers for patients are permitted to collect cannabis on behalf of the patient. Under the NJ Act, six ATCs received licenses from the State. The ATCs were originally only non-profit entities and have the exclusive right to produce and sell medical cannabis in New Jersey.

On March 27, 2018 through executive order No. 6 (2018), Governor Phil Murphy expanded the medical cannabis program, announcing the 20-plus recommendations presented by the NJDH on March 23, 2018. The NJDH's recommendations and next steps included certain measures that took effect immediately (e.g. the addition of debilitating conditions and the reduction of registration fees) and other recommendations (e.g. the home delivery model) that require further regulatory or statutory enactment.

In February 2019, the NJDH amended the list of debilitating conditions to include opioid use disorder, which had been accepted as petition by the review panel. The NJDH also implemented measures to streamline the enrollment process for patients, allow physicians to opt out of being listed publicly, and have started the permitting process for six new ATCs.

Moxie is not licensed in the State of New Jersey, but through the New Jersey Partner it has licensed certain intellectual property to the New Jersey Partner who is otherwise in compliance with applicable licensing requirements and the regulatory framework enacted in the State of New Jersey.

New Jersey Licenses

The NJDH is responsible for administering the NJ Act to ensure qualifying patients' access to safe cannabis for medical use in New Jersey. The NJDH is responsible for issuing permits to entities who will operate an ATC. New Jersey is a vertical state where the dispensary needs to be in the same location as the growing and processing facilities. One of the recommendations in executive order No. 6 is to allow existing license holders to have up to two additional dispensaries not attached to the growing facility. The NJDH has issued 12 licenses and are now accepting applications for additional permits.

ATC permits expire annually on December 31. A permit renewal application must be submitted at least 60 days prior to the expiration date. An ATC that seeks to renew its permit shall submit to the permitting authority an application for

renewal with all required documentation and the required fees. An ATC shall update and ensure the correctness of all information submitted in previous applications for a permit or otherwise on file with the NJDH. Prior to the issuance of any permit, every principal officer, owner, director and board member of an ATC must certify stating that he or she submits to the jurisdiction of the courts of the State of New Jersey and agrees to comply with all the requirements of the laws of New Jersey pertaining to New Jersey's Medicinal Marijuana Program. Failure to provide correct and current up-to-date information is grounds for denial of the application for renewal of the permit.

As of April 1, 2019, approximately 44,000 patients were registered and have medical licenses allowing them to purchase cannabis products from an ATC.

New Jersey Recordkeeping/Reporting

New Jersey does not have a unified track and trace (“T&T”) solution. All information is forwarded to the MMMP through email. The ATC collects and submits to the NJDH for each calendar year statistical data on (a) the number of registered qualified patients and registered primary caregivers, (b) the debilitating medical conditions of the qualified patients, (c) patient demographic data, (d) summary of the patient surveys and evaluation of services and (e) other information as the NJDH may require. The ATC must retain records for at least two years.

New Jersey Storage, Security, and Transportation Requirements

The ATC will establish inventory controls and procedures for the conduct of inventory reviews and comprehensive inventories of cultivating, stored, usable and unusable cannabis. The ATC will conduct a monthly inventory of cultivating, stored, usable and unusable cannabis. Through a unified T&T system is not currently in place, an ATC is required to have a T&T for tracking inventory and dispensing cannabis products to patients. An ATC is authorized to possess two ounces of usable cannabis per registered qualifying patient plus an additional supply, not to exceed the amount needed to enable the alternative treatment center to meet the demand of newly registered qualifying patients.

Per regulatory requirements an ATC, at a minimum, must (a) establish inventory controls and procedures for the conduct of inventory reviews and comprehensive inventories of cultivating, stored, usable and unusable cannabis, (b) conduct a monthly inventory of cultivating, stored, usable and unusable cannabis, (c) perform a comprehensive inventory inspection at least once every year from the date of the previous comprehensive inventory, and (d) promptly transcribe inventories taken by use of an oral recording device. If cannabis is disposed of, the ATC must maintain a written record of the date, the quantity disposed of, the manner of disposal and the persons present during the disposal, with their signatures. ATCs must keep disposal records for at least two years. Results of the inventory inspection should document the date of the inventory review, a summary of the inventory findings and the name, signature and title of the individuals who conducted the inventory inspection.

An ATC shall limit access to medicinal cannabis storage areas to the absolute minimum number of specifically authorized employees. In the event non-employee maintenance personnel, business guests or visitors to be present in or pass through medical cannabis storage areas, the ATC must have a dedicated person who is specifically authorized by policy or job description to supervise the activity. The ATC must ensure that the storage of usable cannabis prepared for dispensing to patients is in a locked area with adequate security.

New Jersey Security

An ATC is required to implement effective controls and procedures to guard against theft and diversion of cannabis including systems to protect against electronic records tampering. At a minimum, every ATC must (a) install, maintain in good working order and operate a safety and security alarm system that provides suitable protection 24 hours a day, seven days a week against theft and diversion, (b) immediately notifies the state or local police agencies of an unauthorized breach of security. An ATC must conduct maintenance inspections and tests of the security alarm system at intervals not to exceed 30 days from the previous inspection.

A video surveillance system must be installed and operated to clearly monitor all critical control activities of the ATC and must operate in good working order at all times. The ATC must provide two monitors for remote viewing via telephone lines to the NJDH offices. This security system must be approved by State of New Jersey's Medicinal

Marijuana Program prior to permit issuance. The original tapes or digital pictures produced by the system must be stored in a safe place for a minimum of 30 days.

U.S. Attorney Statements in New Jersey

In January 2018, Craig Carpenito, United States Attorney for the District of New Jersey addressed the issue of marijuana enforcement in the following way: "As was the case before and after the Cole Memo, the cultivation, distribution, and possession of marijuana continues to be generally prohibited by the Controlled Substances Act. We will use our prosecutorial discretion in evaluating all cases and making determinations as we do with all controlled substance cases."

Ohio

Ohio Regulatory Landscape

House Bill 523, effective on September 8, 2016, legalized medical marijuana in Ohio. The Ohio Medical Marijuana Control Program ("MMCP") allows people with certain medical conditions, upon the recommendation of an Ohio licensed physician certified by the State Medical Board, to purchase and use medical marijuana. House Bill 523 required that the framework for the MMCP would be in place no later than September 2018. This timeframe allowed for a deliberate process to ensure the safety of the public and to promote access to a safe product. Due to construction delays and lawsuits, medical marijuana did not begin until January 2019. As of May 31, 2019, there were approximately 35,162 registered patients allowed to purchase cannabis products from a dispensary.

The three following state government agencies are responsible for the operation of the MMCP: (i) the Ohio Department of Commerce is responsible for overseeing medical marijuana cultivators, processors and testing laboratories; (ii) the State of Ohio Board of Pharmacy is responsible for overseeing medical marijuana retail dispensaries, the registration of medical marijuana patients and caregivers, the approval of new forms of medical marijuana and coordinating the Medical Marijuana Advisory Committee; and (iii) the State Medical Board of Ohio is responsible for certifying physicians to recommend medical marijuana and may add to the list of qualifying conditions for which medical marijuana can be recommended. Qualifying medical conditions for medical marijuana include: HIV/AIDS, Lou Gehrig's disease, Alzheimer's disease, Cancer, Chronic traumatic encephalopathy, Crohn's disease, epilepsy or other seizure disorder, fibromyalgia, glaucoma, hepatitis C, inflammatory bowel disease, multiple sclerosis (MS), pain (either chronic, severe, or intractable), Parkinson's disease, PTSD, sickle cell anemia, spinal cord disease or injury, Tourette's syndrome, traumatic brain injury, ulcerative colitis. In order for a patient to be eligible to obtain medical marijuana, a physician must make the diagnosis of one of these conditions.

Several forms of medical marijuana are legal in Ohio, these include: inhalation of marijuana through a vaporizer (not direct smoking), oils, tinctures, plant material, edibles, patches and any other forms approved by the State Board of Pharmacy.

To the knowledge of the Company, Moxie (through its 7% equity investment in Pura Ohio Processing, LLC in the State of Ohio) is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of Ohio and is not aware of any non-compliance, citations or notices of violation that may have an adverse impact on the business activities of Pura Ohio Processing, LLC.

Ohio License

License in the State of Ohio

The table below describes the cannabis-related license held by Pura Ohio Processing, LLC in the State of Ohio:

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable)	Description
Pura Ohio Processing, LLC	#0070	Columbus, Ohio	1/9/2020	Processing License

Ohio License and Regulations

A Certificate of Operation will permit the licensed holder to grow, process, package, and transport medical marijuana to registered medical marijuana dispensaries. Certificates of Operation in Ohio are renewed annually.

Ohio Operating Requirements

In Ohio, medical marijuana processor permittees are subject to regulations found at OAC 3796:3, *et seq.* as discussed below.

Ohio Reporting Requirements

Ohio uses the METRC system as its seed-to-sale tracking system. Licensees are required to use METRC to push data to the state to meet all of the reporting requirements.

Ohio Storage, Transportation, and Security Requirements

The regulations permit Moxie (through its equity investment in the State of Ohio permitted medical cannabis processor) to store medical marijuana inventory at the processor facility in a designated, enclosed, locked facility identified in its plans and specifications that it submitted to the Ohio Department of Commerce. This storage area can only be accessible by authorized individuals. The regulations further require a processor to establish, maintain, and comply with the policies and procedures contained in the operations plan submitted by the processor as part of the application that was approved by the department. The operations plan shall include policies and procedures for the production, storage, inventory, security and transportation of plant material, medical marijuana extract, and medical marijuana products. The regulations further mandate how a processor must package, label and transport finished products for sale at a medical marijuana dispensary.

Prior to transporting any medical marijuana, regardless of form, a medical marijuana entity must maintain a transportation log, in writing, that contains the following information: (1) the names and addresses of the medical marijuana entities sending and receiving the shipment; (2) the names and registration numbers of the registered employees transporting the medical marijuana or the products containing medical marijuana; (3) the license plate number and vehicle type that will transport the shipment; (4) the time of departure and estimated time of arrival; (5) the specific delivery route, which includes street names and distances; and (6) the total weight of the shipment and a description of each individual package that is part of the shipment, and the total number of individual packages. A copy of this log must be sent to the receiving entity before the close of business on the business day prior to transport. A copy of the log must also be in the vehicle at all times while it is transporting medical marijuana products. All such logs must be maintained and provided to law enforcement upon request.

Vehicles used to transport marijuana must be insured as required by law and staffed with a minimum of two registered employees, with at least one employee remaining with the vehicle at all times that the vehicle contains medical marijuana. The marijuana must be kept in a locked container or compartment, and it must not be visible from outside the vehicle. The vehicle must be unmarked. Any vehicle transporting medical marijuana or any product containing medical marijuana must travel directly from the sending medical marijuana entity to the receiving medical marijuana entity and shall not make any stops in between except to other medical marijuana entities listed on the transportation log, to refuel the vehicle, or to notify the medical marijuana entities, the department and law enforcement in the event of an emergency. In the event of an emergency, the employees must report the emergency immediately to law enforcement through the 911 emergency system and to the medical marijuana entities, which will immediately notify the appropriate regulatory authorities, unless the notification is impractical under the circumstances. The employees must notify the sending medical marijuana entity when the delivery has been completed.

Ohio Department of Commerce Inspections

The Ohio Department of Commerce may, at any time it determines an inspection is needed, with or without notice, conduct an inspection of a processor to ensure compliance with the facility's operations plan and state laws and regulations. An inspection may include, without limitation, investigation of standards for safety from fire on behalf of

the department by the local fire protection agency. If a local fire protection agency is not available, the division of state fire marshal may conduct the inspection after the processor pays the appropriate fee to the division of state fire marshal for such inspection. If a problem is detected during an inspection, the cultivator must produce a plan of correction within ten business days.

U.S. Attorney Statements in Ohio

To the knowledge of management of GGB, other than as disclosed in this Prospectus, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Ohio. See “Risk Factors - United States Regulatory Uncertainty”.

Pennsylvania

Pennsylvania Regulatory Landscape

Pennsylvania legalized medical marijuana when it adopted the Pennsylvania Medical Marijuana Act in 2016. It is found in Chapters 1131 through 1210 of the Pennsylvania Statutes. Most of the regulation of Pennsylvania’s medical marijuana program to date has occurred under this law and through temporary regulations, all of which are summarized below under the heading “Pennsylvania Medical Marijuana Act.”

Pennsylvania Medical Marijuana Act

Under the act, the term “medical marijuana” refers to marijuana obtained for a certified medical use by a Pennsylvania resident with a serious medical condition. A serious medical condition now includes 23 different conditions including cancer, HIV-positive status, AIDS, several neurological conditions and issues, and severe intractable pain. Medical marijuana is limited by statute in Pennsylvania to the following forms: (a) pill; (b) oil; (c) topical forms, including gel, creams, or ointments; (d) a form medically appropriate for administration by vaporization or nebulization, including dry leaf or plant form; (e) tincture; and (f) liquid.

Under the Pennsylvania Medical Marijuana Act, patients who are residents of the Commonwealth and have a serious medical condition as certified by a physician will be able to obtain medical marijuana at dispensaries that are located in the commonwealth and have a validly-issued permit from the Pennsylvania Department of Health. A “caregiver” who is designated by the patient and is registered with the Pennsylvania Department of Health will be able to obtain medical marijuana from a dispensary located in the commonwealth that has a validly- issued permit from the Pennsylvania Department of Health in order for the caregiver to deliver medical marijuana to the patient. The Pennsylvania Medical Marijuana Act provides for issuance of permits to grower/processors, dispensaries, and clinical registrants.

Clinical registrants are entities that hold a permit as both a grower/processor and a dispensary. They must have a contractual relationship with an approved academic clinical research center (“ACRC”) under which the ACRC or its affiliate provides advice to the entity, regarding, among other areas, patient health and safety, medical applications and dispensing and management of controlled substances. The clinical registrant must have a research plan in place with the academic clinical research center, and an Institutional Review Board must approve any research projects. Each patient enrolled in a research project must be identified as such in the Commonwealth’s electronic tracking system. The Pennsylvania Department of Health may approve no more than eight clinical registrants. Each clinical registrant may have up to six separate dispensing locations with no more than three of the six permitted to be located in the same medical marijuana regions or in the same county (designated by the Pennsylvania Department of Health).

A grower/processor may only grow, store, harvest or process medical marijuana in an indoor, enclosed, secure facility as approved by the Pennsylvania Department of Health. Public access to grower/processor facilities is not permitted. Grower/processors must comply with all security, surveillance, and anti-diversion requirements at their facilities. They also have to comply with all record keeping requirements and must track plant inventory information in the Commonwealth’s seed-to-sale tracking system. They may only use pesticides, fungicides or herbicides approved by the Pennsylvania Department of Agriculture and must maintain records of their use. Medical marijuana must have a specific concentration of total THC and total CBD and must have a consistent cannabinoid profile. The concentration of cannabinoids for each particular type of medical marijuana product must be reported to the Pennsylvania Department

of Health by an approved laboratory. All waste must be disposed in a manner that renders it unusable and unrecognizable. All processing must meet proper sanitation requirements, and all packaging and labeling must comply with the act's requirements. Within the first six (6) months after the Pennsylvania Department of Health determines the grower/processor to be operational, the grower/processor must provide the Pennsylvania Department of Health with a forecast of the amount of medical marijuana it projects it will produce and in what form. The grower/processor shall notify the Pennsylvania Department of Health in writing immediately upon becoming aware of a potential increase or decrease in the forecasted amount occurring within any subsequent six (6) month period.

A dispensary may only dispense medical marijuana to a patient or caregiver in an indoor, enclosed, secure facility as approved by the Pennsylvania Department of Health. The dispensary must have an approved operation plan that includes appropriate safety, security, surveillance, inventory tracking, record keeping, and maintenance measures. It may only dispense medical marijuana to a patient or caregiver who presents a valid identification card to an employee at the facility who is authorized to dispense medical marijuana at the facility. The dispensary must employ and have on-site at all times the facility is open for dispensing a physician, pharmacist, physician assistant or certified registered nurse practitioner who has undergone required medical marijuana training. This medical professional may consult with patients regarding proper dosage and administration of medical marijuana for their condition if the referring physician has not done so. The entire transaction must be tracked in the commonwealth's seed-to-sale electronic tracking system.

Licensing and Compliance in Pennsylvania

In Pennsylvania, the Department of Health administers and maintains the Commonwealth's medical marijuana program pursuant to Pennsylvania laws and regulations. Pennsylvania awards permits separately for the growing and processing of medical marijuana, as well as for the dispensing of medical marijuana. As a dispensary permit holder, Pennsylvania law requires the use of state-mandated point of sale and product tracking software to log and record all inventory and sales activities, as well as all patient interactions. All marijuana must be stored with adequate security requirements to prevent diversion. Each facility must also have security measures to prevent unauthorized access and video surveillance; as well as the ability to maintain records of all activities. Only qualified patients or registered caregivers can be dispensed cannabis pursuant to a qualified physician's active recommendation; all of which must be confirmed prior to dispensation. Each dispensary must also employ a licensed pharmacist, doctor or registered nurse practitioner. Additionally, all employees must pass state mandated criminal history background screenings.

To the knowledge of the Company, Moxie (through its subsidiary in the Commonwealth of Pennsylvania – ANACAPA PA, LLC) will have a minority ownership interest in a Pennsylvania permittee who is operational and in compliance with applicable licensing requirements and the regulatory framework enacted by the Commonwealth of Pennsylvania.

Pennsylvania Licenses

A subsidiary of Moxie will own 17.18% of PurePenn LLC, which applied for and was awarded a license to operate a grower/processor in McKeesport, Pennsylvania. Upon receipt of regulatory approval, Moxie's interest in PurePenn LLC will either be contributed to Moxie or to the Company prior to the closing of the Moxie Business Combination. The table below includes that license.

Under applicable laws, the license permits PurePenn, LLC to purchase marijuana and marijuana products from cultivation/processing facilities, and to sell marijuana and marijuana products to registered patients pursuant to the terms of the license. The license is issued by the Pennsylvania Department of Health (the "PDH") under the provisions of the Medical Marijuana Act (35 P.S. §§ 10231.101 - 10231.2110) and Chapters 1141, 1151 and 1161 of the Pennsylvania regulations. The license is, as of the date hereof, active with the Commonwealth of Pennsylvania.

Holding Entity	Permit/License	Issuing Entity	City	Expiration/Renewal Date (if applicable)	Description
PurePenn, LLC	Medical Marijuana Grower/Processor Permit	Pennsylvania Office of Medical Marijuana	McKeesport, Pennsylvania	6/20/2020	Grower / Processor

Dispensary Requirements

A dispensary may only dispense medical marijuana products to a patient or caregiver who presents a valid identification card to an employee at the facility who is authorized to dispense medical marijuana products at the facility. Prior to dispensing medical marijuana products to a patient or caregiver, the dispensary shall: (1) Verify the validity of the patient or caregiver identification card using the electronic tracking system; and (2) Review the information on the patient's most recent certification by using the electronic tracking system to access the Pennsylvania Department of Health's database. The following requirements apply: (i) if a practitioner sets forth recommendations, requirements or limitations as to the form and/or dosage of a medical marijuana product on the patient certification, the medical marijuana product dispensed to a patient or caregiver by a dispensary must conform to those recommendations, requirements or limitations; (ii) if a practitioner does not set forth recommendations, requirements or limitations as to the form or dosage of a medical marijuana product on the patient certification, the physician, pharmacist, physician assistant or certified registered nurse practitioner employed by the dispensary and working at the facility shall consult with the patient or the caregiver regarding the appropriate form and dosage of the medical marijuana product to be dispensed; and (iii) the dispensary shall update the patient certification in the electronic tracking system by entering any recommendation as to the form or dosage of medical marijuana product that is dispensed to the patient. Prior to the completion of the transaction, the employee conducting the transaction at the dispensary shall prepare a receipt of the transaction, and file the receipt information with the Pennsylvania Department of Health utilizing the electronic tracking system. A dispensary shall provide a copy of the receipt to the patient or the caregiver, unless the patient or the caregiver declines the receipt. The receipt must include all of the following information: (1) the name, address and any permit number assigned to the dispensary by the Pennsylvania Department of Health; (2) the name and address of the patient and, if applicable, the patient's caregiver. (3) the date the medical marijuana product was dispensed; (4) any requirement or limitation noted by the practitioner on the patient's certification as to the form of medical marijuana product that the patient should use; and (5) the form and the quantity of medical marijuana product dispensed.

Security and Surveillance Requirements for Cultivation, Processing and Dispensing Facilities

A dispensary shall have security and surveillance systems, utilizing commercial-grade equipment, to prevent unauthorized entry and to prevent and detect an adverse loss. The security and surveillance systems must include all of the following:

1. A professionally-monitored security alarm system that includes the following: (i) coverage of all facility entrances and exits; rooms with exterior windows, exterior walls, roof hatches or skylights; storage rooms, including those that contain medical marijuana and safes; and the perimeter of the facility; (ii) a silent security alarm system signal, known as a duress alarm, generated by the entry of a designated code into an arming station in order to signal that the alarm user is being forced to turn off the system; (iii) an audible security alarm system signal, known as a panic alarm, generated by the manual activation of a device intended to signal a life-threatening or emergency situation requiring law enforcement response; (iv) a silent alarm signal, known as a holdup alarm, generated by the manual activation of a device intended to signal a robbery in progress; (v) an electrical, electronic, mechanical or other device capable of being programmed to send a pre-recorded voice message requesting dispatch, when activated, over a telephone line, radio or other communication system to a law enforcement, public safety or emergency services agency; (vi) a failure notification system that provides an audible, text or visual notification of any failure in the systems. The failure notification system must provide by telephone, e-mail or text message an alert to a designated security person within the facility within 5 minutes after the failure; (vii) smoke and fire alarms; (viii) auxiliary power sufficient to maintain security and surveillance systems for at least 48 hours following a power outage; (ix) ability to ensure all access doors are not solely controlled by an electronic access panel to prevent locks from becoming released during a power outage; and (x) motion detectors.
2. A professionally-monitored security and surveillance system that is operational 24 hours per day, 7 days per week and records all activity in images capable of clearly revealing facial detail. The security and surveillance system must include all of the following: (i) fixed camera placement that allows for a clear image of all individuals and activities in and around the following: (A) any area of a facility where medical marijuana products are loaded or unloaded into or from transport vehicles; (B) entrances to and exits from a facility. Entrances and exits must be recorded from both indoor and outdoor vantage points; (C) rooms

with exterior windows, exterior walls, roof hatches or skylights and storage rooms, including those that may contain medical marijuana products and safes; (D) five feet from the exterior of the perimeter of a facility; (E) all limited access areas; (ii) auxiliary power sufficient to maintain security and surveillance systems for at least 48 hours following a power outage; (iii) the ability to operate under the normal lighting conditions of each area under surveillance; and (iv) the ability to immediately produce a clear, color, still photograph in a digital format that meets the requirements of this subsection.

3. The ability to clearly and accurately display the date and time. The date and time must be synchronized and set correctly and may not significantly obscure the picture.
4. The ability to record and store all images captured by each surveillance camera for a minimum of two (2) years in a format that may be easily accessed for investigative purposes. The recordings must be kept: (i) at the facility: (A) in a locked cabinet, closet or other secure place to protect it from tampering or theft; (B) in a limited access area or other room to which access is limited to authorized individuals; and (ii) at a secure location other than the location of the facility if approved by the Pennsylvania Department of Health.
5. A security alarm system that is separate from the facility's primary security system covering the limited access area or other room where the recordings are stored. The separate security alarm system must meet the same requirements as the facility's primary security alarm system. The following apply regarding the inspection, servicing or alteration of, and the upgrade to, the dispensary facility's security and surveillance systems: (i) the systems shall be inspected and all devices tested once every year by a qualified alarm system vendor and a qualified surveillance system vendor, as approved by the Pennsylvania Department of Health; (ii) the dispensary shall conduct maintenance inspections once every month to ensure that any repairs, alterations or upgrades to the security and surveillance systems are made for the proper operation of the systems; (iii) the dispensary shall retain at the facility, for at least four (4) years, records of all inspections, servicing, alterations and upgrades performed on the systems and shall make the records available to the Pennsylvania Department of Health and its authorized agents within two (2) business days following a request; (iv) in the event of a mechanical malfunction of the security or surveillance system that the dispensary anticipates will exceed a 4-hour period, the dispensary shall notify the Pennsylvania Department of Health immediately and, with Pennsylvania Department of Health approval, provide alternative security measures that may include closure of the facility; and (v) The dispensary shall designate an employee to continuously monitor the security and surveillance systems at the facility.
6. Records retention: (i) if a dispensary has been notified in writing by the Pennsylvania Department of Health or its authorized agents, law enforcement, or other Federal, State or local government officials of a pending criminal or administrative investigation for which a recording may contain relevant information, the dispensary shall retain an unaltered copy of the recording for four (4) years or until the investigation or proceeding is closed or the entity conducting the investigation or proceeding notifies the dispensary that it is not necessary to retain the recording, whichever is longer; (ii) a dispensary shall install commercial-grade, non-residential steel doors and door locks on each room where medical marijuana products are stored and on each external door of the facility. Keys or key codes for all doors shall remain in the possession of designated authorized individuals; (iii) during all nonworking hours, all entrances to and exits from the facility must be securely locked; (iv) a dispensary shall have an electronic back-up system for all electronic records; (v) a dispensary shall install lighting to ensure proper surveillance inside and outside of the facility; and (vi) a dispensary shall limit access to a room in a facility containing security and surveillance monitoring equipment to persons who are essential to maintaining security and surveillance operations including, Federal, State and local law enforcement, security and surveillance system service employees, the Pennsylvania Department of Health or its authorized agents, and other persons with the prior written approval of the Pennsylvania Department of Health. The following requirements apply: (1) a dispensary shall make available to the Pennsylvania Department of Health or the Pennsylvania Department of Health's authorized agents, upon request, a current list of authorized employees and service employees or contractors who have access to any security and surveillance areas; and (2) a dispensary facility shall keep security and surveillance rooms locked at all times and may not use these rooms for any other purpose or function.

Storage Requirements for Cultivation, Processing and Dispensing Facilities

A dispensary shall have separate and locked limited access areas for storage of medical marijuana products that are expired, damaged, deteriorated, mislabeled, contaminated, recalled, or whose containers or packaging have been opened or breached until the medical marijuana products are returned to a grower/processor, destroyed or otherwise disposed of as required under § 1151.40 (relating to management and disposal of medical marijuana waste). A dispensary shall maintain all storage areas in a clean and orderly condition and free from infestation by insects, rodents, birds and pests.

Pennsylvania Department of Health Inspections

The Pennsylvania Department of Health may conduct announced or unannounced inspections or investigations to determine the medical marijuana organization's compliance with its permit. An investigation or inspection may include an inspection of a medical marijuana organization's site, facility, vehicles, books, records, papers, documents, data, and other physical or electronic information.

U.S. Attorney Statements in Pennsylvania

David J. Freed, who was appointed to serve as U.S. Attorney for the Middle District of Pennsylvania on November 15, 2017, has previously stated, "I don't need a study to tell me marijuana is a gateway drug. We in law enforcement have to clean up the mess." He has also previously stated that he believes the law should not change. Scott W. Brady, appointed to serve as U.S. Attorney for the Western District of Pennsylvania on December 14, 2017, has also indicated that his office would vigorously enforce federal law.

In accordance with Staff Notice 51-352, the Company will evaluate, monitor and reassess the foregoing disclosure, and any related risks, on an ongoing basis and any supplements or amendments hereto will be reflected in, and provided to, investors in public filings of the Company, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding cannabis regulation. Any non-compliance, citations or notices of violation which may have an impact on any of the Company's or its subsidiaries' licenses, business activities or operations will be promptly disclosed by the Company.

Ability to Access Public and Private Capital

Given the current laws regarding cannabis at the federal level in the United States, traditional bank financing is typically not available to United States cannabis companies. Specifically, the federal illegality of marijuana in the United States means that financial transactions involving proceeds generated by cannabis-related conduct can form the basis for prosecution under money laundering statutes, the unlicensed money transmitter statute and the Bank Secrecy Act. As a result, businesses involved in the cannabis industry often have difficulty finding a bank willing to accept their business. Banks who do accept deposits from cannabis-related businesses in the United States must do so in compliance with the memorandum drafted by former Deputy Attorney General James Cole on February 14, 2014 (the "**Cole Financial Crime Memo**") and the FinCEN Guidance. The Cole Financial Crime Memo states that prosecutors should apply the enforcement priorities of the Cole Memo in determining whether to charge individuals or institutions with crimes related to financial transactions involving the proceeds of marijuana-related conduct. The FinCEN Guidance provides guidelines to banks on how to accept deposits from cannabis-related businesses while remaining compliant with the Bank Secrecy Act. FinCEN has not rescinded the FinCEN Guidance following the January 4, 2018 recession of the Cole Memo.

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

While the Company is not able to obtain bank financing in the U.S. or financing from other U.S. federally regulated entities, it currently has access to equity financing through the public and private markets in Canada and in the private markets in the United States. Since the use of marijuana is illegal under U.S. federal law, and in light of concerns in the

banking industry regarding money laundering and other federal financial crime related to marijuana, U.S. banks have been reluctant to accept deposit funds from businesses involved with the marijuana industry.

Consequently, businesses involved in the marijuana industry often have difficulty finding a bank willing to accept their business. Likewise, marijuana businesses have limited, if any, access to credit card processing services. As a result, marijuana businesses in the U.S. are largely cash-based. This complicates the implementation of financial controls and increases security issues. 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 projects similar to the Company's projects. Although there has been an increase in the amount of private financing available over the last several years, 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 the Company when needed or on terms which are acceptable. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability. See "*Risk Factors*".

Balance Sheet Exposure

At June 30, 2018, 100%, and at March 31, 2019, 100%, of the Company's balance sheet was exposed to U.S. cannabis-related activities, respectively. Upon completion of the Moxie Business Combination, the Spring Oaks Acquisition, the NOR Acquisition and the Henderson Acquisition, the Company's balance sheet exposure to U.S. cannabis-related activities will be 100%.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company (i) as at March 31, 2019, the date of the Company's most recent unaudited interim financial statements, (ii) as at the date of this Prospectus; (iii) as at the date of this Prospectus after giving effect to the completion of the Offering (assuming no exercise of the Over-Allotment Option), and (iv) as at the date of this Prospectus after giving effect to the completion of the Offering (assuming no exercise of the Over-Allotment Option), the Moxie Business Combination and the Spring Oaks Acquisition. This table should be read in conjunction with the Interim Company Financial Statements and Interim Company MD&A, which are incorporated by reference in this Prospectus as well as the other disclosure contained in this Prospectus, including the risk factors described under the heading "*Risk Factors*" in this Prospectus.

	The Company as at March 31, 2019	As at March 31, 2019 after giving effect to the Debenture Financing ⁽³⁾ , the Revised Henderson Warrant, the GAOC Repurchase and certain other exercises and issuances ⁽⁶⁾	As at March 31, 2019 after giving effect to the Debenture Financing ⁽³⁾ , the Revised Henderson Warrant, the GAOC Repurchase and certain other exercises and issuances ⁽⁶⁾ and the Offering ⁽⁴⁾	As at March 31, 2019 after giving effect to the Debenture Financing ⁽³⁾ , the Revised Henderson Warrant, the GAOC Repurchase and certain other exercises and issuances ⁽⁶⁾ (8), the Offering ⁽⁴⁾ , the Moxie Business Combination and the Spring Oaks Acquisition ⁽⁷⁾
Common Shares ⁽¹⁾	188,212,278	164,217,973	184,717,973	358,649,377
Proportionate Voting Shares ⁽²⁾	40,698	59,795	59,795	62,868
Convertible Debentures ⁽⁵⁾	Nil.	17,078	17,078	17,078
Common Share Warrants	25,663,581	19,601,837	29,851,837	29,851,837
Proportionate Voting Share Warrants	19,097	Nil.	Nil.	Nil.
Common Share Options	350,000	300,000	300,000	300,000
Restricted Share Units	2,120,000	2,395,000	2,395,000	2,395,000
Total	216,405,654	186,591,683	217,341,683	391,276,160

Notes:

(1) The Common Shares are listed for trading on the CSE under the symbol "GGB".

- (2) The Proportionate Voting Shares are not listed for trading on any exchange.
- (3) Assuming conversion in full of the Debentures.
- (4) Excludes the securities issuable pursuant to the exercise of the Over-Allotment Option.
- (5) Assumes the conversion of the Convertible Debentures into Proportionate Voting Shares.
- (6) The exercise of certain outstanding warrants and options, as well as the issuance of Restricted Share Units. See “*Prior Sales*”.
- (7) Assumes the conversion in full of the Two-Year and the One-Year Note.
- (8) Assumes the issuance by the Company of Proportionate Voting Shares and Common Shares in connection with the Backstop Fee upon completion of the Offering.

USE OF PROCEEDS

Proceeds

The net proceeds to the Company from the Offering are estimated to be approximately \$46,709,250, after deducting the payment of the Underwriters’ Fee of \$3,515,750, but before deducting the expenses of the Offering (estimated to be approximately \$1,000,000). If the Over-Allotment Option is exercised in full, the net proceeds to the Company from the Offering are estimated to be approximately \$53,715,637.50, after deducting the payment of the Underwriters’ Fee of \$4,043,112.50, but before deducting the expenses of the Offering (estimated to be approximately \$1,000,000).

Principal Purposes

The Company intends to use the net proceeds from the Offering, in part, (i) to finance the repayment of the Amended Purchase Note in connection with the NOR Acquisition, (ii) to finance the HOR Cash Payment payable by the Company on closing of the Henderson Acquisition, (iii) to finance the Deferred Cash Consideration and the Giles Fee payable by the Company to complete the Spring Oaks Acquisition, and (iv) the remainder for the Company’s ongoing capital expenditures and general corporate purposes.

The Company intends to allocate the net proceeds of the Offering for the following approximate purposes:

Purpose	Net Proceeds (\$)
Estimated Available Funds	\$46,709,250
General and Administrative ⁽¹⁾	\$1,000,000
NOR Acquisition Amended Purchase Note ⁽²⁾	\$20,440,200
HOR Cash Payment for Henderson Acquisition ⁽²⁾	\$10,532,940
Spring Oaks Acquisition ⁽²⁾	\$4,284,150
Capital Expenditures and General Corporate Purposes	\$10,451,960

Notes:

- (1) Includes estimated expenses and fees related to the Offering, including legal fees, audit fees, regulatory fees and other expenses.
- (2) See “*Recent Developments*” for more information regarding the specific time period in which each event is expected to occur and the payments associated.

Until applied, the net proceeds of the Offering will be held as cash balances in the Company’s bank account or invested at the discretion of the Chief Financial Officer, subject to the investment directives of the Board.

During the nine-month period ended March 31, 2019, the Company sustained net losses from operations and had negative cash flow from operating activities. The Company’s cash and cash equivalents as at March 31, 2019 was approximately \$5,466,451. As at March 31, 2019, the Company’s working capital was approximately \$23,556,994. The Company’s cash and cash equivalents as at June 30, 2019 was approximately US\$10,000,000. As at June 30, 2019, the Company’s working capital was negative, approximately US\$77,000,000. The Company’s negative working capital position reflects: (i) the principal amount outstanding under the Amended Purchase Note, being US\$15,485,000, due August 28, 2019; (ii) the amount outstanding under the GAOC Note, being US\$29,585,798, due November 15, 2019; and (iii) US\$45,500,000 payable to the holders of the Debentures on May 17, 2020. Although the Company anticipates it will have positive cash flow from operating activities in future periods, it is uncertain when this will occur and to the extent

that the Company has negative cash flow in any future period, certain of the proceeds from the Offering may be used to fund such negative cash flow from operating activities. See *“Risk Factors — Negative Cash Flow from Operations”*.

The proceeds of the Offering have been reserved and are sufficient for the purposes of completing the repayment of the Amended Purchase Note in connection with the NOR Acquisition, the HOR Cash Payment in connection with the Henderson Acquisition and for the Deferred Cash Consideration and the Giles Fee in connection with the Spring Oaks Acquisition. In order to fund the Company’s operations for the next 12 months, including the repayment of the Two-Year Note, the One-Year Note, the GAOC Note and the repayment of the Debentures, the Company will need to raise additional capital and/or seek to extend the maturity dates of such loans. See *“Operations Over the Next 12 Months”* and *“Risk Factors — Securing Additional Financing”*.

The above-noted allocation represents the Company’s intention with respect to its use of proceeds based on current knowledge and planning by management of the Company. Actual expenditures may differ from the estimates set forth above. There may be circumstances where, for sound business reasons, the Company reallocates the use of proceeds. See *“Risk Factors — Discretion in Use of Proceeds”*.

If the Over-Allotment Option is exercised in full, the Company will receive additional net proceeds of approximately \$7,006,388 after deducting the Underwriters’ Fee. The net proceeds from the exercise of the Over-Allotment Option, if any, is expected to be added to working capital.

Other Sources of Funding

The Company raised gross proceeds of \$61,200,000 in connection with the Debenture Financing. Approximately \$61,055,000, being the net proceeds from the Debenture Financing, was used as follows: (i) approximately \$16,308,984 (US\$12,372,162) was used to complete the acquisitions of WON and Panorama; (ii) approximately \$1,318,200 (US\$1,000,000) was used to pay the members of Henderson Organic as a nonrefundable advance on the HOR Cash Payment; (iii) approximately \$1,779,570 (US\$1,350,000) was used to pay the Deposit in connection with the Spring Oaks Acquisition; (iv) approximately \$10,000,000 was used for capital expenditures in respect of the Company’s CBD kiosk shops and dispensaries, as well as home office and IT projects of the Company; (v) approximately \$10,000,000 was used in connection with the GAOC Repurchase in light of certain operational expenses of the Company; and (vi) approximately \$2,636,400 (US\$2,000,000) was used to pay the Closing Cash Consideration in connection with the Spring Oaks Acquisition. The balance of the net proceeds from the Debenture Financing was allocated for general corporate and working capital purposes and to fund operations. See *“Recent Developments”*.

Operations Over the Next 12 Months

As at June 30, 2019, the Company anticipates it will require approximately US\$161,069,085 to continue operations over the next 12 months, including funding for: (i) the NOR Acquisition, the Henderson Acquisition and the Spring Oaks Acquisition; (ii) the repayment of the GAOC Note and the Debentures, plus respective interest payable thereon; (iii) capital expenditures and working capital; and (iv) general and administrative expenses, detailed as follows:

Uses for the Next 12 Months ⁽¹⁾	Amount (\$)
NOR Acquisition Amended Purchase Note ⁽²⁾	US\$15,485,000
HOR Cash Payment for Henderson Acquisition ⁽²⁾	US\$7,979,500
Spring Oaks Acquisition ⁽²⁾	US\$5,250,000
Repayment of the GAOC Note, plus interest ⁽²⁾	US\$30,029,585
Repayment of the Debentures, plus interest ⁽²⁾	US\$52,325,000
Capital Expenditures and Working Capital	US\$20,000,000
General & Administrative Expenses ⁽³⁾	US\$30,000,000
Total:	US\$161,069,085

Notes:

- (1) Assumes completion of the Moxie Business Combination on January 1, 2020. See *“Recent Developments — The Moxie Business Combination”* and *“Risk Factors — Risks related to the Moxie Business Combination and the Spring Oaks Acquisition”*.
- (2) See *“Recent Developments”* for more information regarding the specific time period in which each event is expected to occur and the payments associated.

- (3) As the Company ramped up operations and executed on its aggressive growth strategy during its first year of operations, including the transition of the Company into a reporting issuer, general and administrative expenses, including legal and professional fees, for the nine-month period ended March 31, 2019 were approximately US\$25,000,000. For the 12 month period following completion of the Offering and assuming less aggressive growth expenditures (subject to securing additional financing to fund any such growth expenditures – see “*Risk Factors – Securing Additional Financing*”), the Issuer’s basic general and administrative expenses, including legal and professional fees, for the next 12 months are expected to be approximately US\$30,000,000.

The Company has currently identified approximately US\$167,000,504 of resources available to continue operations over the next 12 months, including the net proceeds from the Offering, cash and cash equivalents, the proceeds of the Moxie Loan, anticipated working capital of approximately US\$25,000,000 in connection with the Moxie Business Combination and the Debentures Backstop Commitment and the Additional Backstop Commitment, detailed as follows:

Sources Over the Next 12 Months ⁽¹⁾	Amount (\$)
Cash and Cash Equivalents	US\$10,000,000
Moxie Loan	US\$5,000,000
Net Working Capital, Moxie Business Combination ⁽²⁾	US\$25,000,000
Debentures Backstop Commitment	US\$52,325,000
Additional Backstop Commitment	US\$25,000,000
Other Net Operating Activities ⁽³⁾	US\$15,000,000
Net Proceeds from the Offering	US\$34,675,504
Total:	US\$167,000,504

Notes:

- (1) Assumes completion of the Moxie Business Combination on January 1, 2020. See “*Recent Developments – The Moxie Business Combination*” and “*Risk Factors – Risks related to the Moxie Business Combination and the Spring Oaks Acquisition*”.
- (2) In May 2019, Moxie completed two capital raises aggregating to a total of US\$43,000,000 cash, consisting of (i) newly issued convertible debt in the aggregate amount of US\$36,000,000 and (ii) the issuance of series C preferred units in the aggregate amount of US\$7,000,000 (the “**Moxie Capital Raise**”). In connection with the Moxie Capital Raise, existing convertible notes payable of Moxie totaling US\$7,000,000 were converted into series C-1 preferred units. Of the US\$43,000,000 cash raised (excluding debt converted) in connection with the Moxie Capital Raise, US\$5,000,000 was subsequently loaned to the Company in July 2019 in connection with the Moxie Loan. The Moxie Agreement contains customary negative and affirmative covenants on the part of Moxie regarding the conduct of its business prior to closing, including that it will cause the business to be conducted in the ordinary course. In addition, unless consented to in writing by GGB, Moxie will use commercially reasonable efforts to maintain and preserve intact its current business and the rights, good will and relationships of its employees, customers, suppliers, and others having business relationships with it. The Moxie Agreement also contains specific negative covenants as to certain impermissible activities of Moxie prior to closing, which provide that, unless consented to by GGB, it will not, among other things, change its cash management practices; incur, make any commitment or agree with respect to any capital expenditure or incur any liabilities that exceed \$200,000 in the aggregate; pay or approve of reimbursement to any shareholders or directors; and, take any action that would restrict, inhibit or adversely affect the ability of Moxie to conduct its business as presently conducted.
- (3) As at March 31, 2019, the Company operated one dispensary and one cultivation facility through its cannabis segment and six mall-based CBD kiosk shops (the first of which opened in mid-February 2019) through its CBD segment. For the three-month period ended March 31, 2019, the Company reported (i) revenue of approximately US\$5,500,000, (ii) cost of goods sold of approximately US\$5,400,000 and (iii) selling and marketing expenses of approximately US\$1,900,000 (which included start-up costs associated with the Company’s CBD operations). Since March 31, 2019, the Company has opened 95 mall-based CBD kiosk shops. During May 2019, the second cultivation facility became operational, and the Company anticipates expanding by adding two additional dispensaries (one in connection with the Henderson Acquisition and one in Reno, Nevada) and opening approximately 64 mall-based CBD kiosk shops through its CBD segment. The Company expects that it will be able to open the 64 additional mall-based CBD kiosk shops within the next 3-4 months and has existing lease agreements in place to do so. The cost to the Company of opening the two additional dispensaries and the additional CBD kiosk shops is included in the US\$20,000,000 of capital expenditures and working capital detailed in the “*Uses for the Next 12 Months*” table above. See “*Use of Proceeds – Operations over the Next 12 Months*”. The Company intends to fund the additional two dispensaries and the additional 64 mall-based CBD kiosk locations as follows: for one of the dispensaries, which the Company will acquire following the expected closing of the Henderson Acquisition, the Company intends to use the net proceeds of the Offering to fund the cash portion of the purchase price. For the remaining dispensary and the 64 additional mall-based CBD kiosk shops, the Company has sufficient committed funds to finance these initiatives through a combination of the following: (i) the net proceeds of the Offering, (ii) the Moxie Loan and (iii) the Backstop Convertible Debentures. In the next 12 months, the Company expects to (i) generate revenue of approximately US\$120,000,000 and (ii) incur cost of goods sold of approximately US\$50,000,000, and selling and marketing expenses of approximately US\$60,000,000, resulting in net other operating activities of approximately US\$10,000,000. In addition, the Company expects to realize other net operating activities of approximately US\$5,000,000 through the Moxie Business Combination. The Company’s gross margin in Q1 2019 included significant start-up and one-time costs associated with launching the CBD business and does not reflect the economies of scale that will apply in future quarters. See “*Forward-Looking Information*”, “*Regulatory Overview*” and “*Risk Factors*”.

In addition, the Company is currently engaged in discussions, and has signed a letter of intent, with United Capital Partners LLC to obtain additional debt financing of up to US\$50,000,000 (the “**Proposed Debt Financing**”). If secured, it is anticipated that the Proposed Debt Financing would be used by the Company to fund, in part, the Company’s presently identified capital

and operating expenditures related to the opening of new dispensaries, new mall-based CBD kiosk shops and the acquisition or build-out of a cultivation facility in Florida. There are no assurances that the Proposed Debt Financing will be completed, or if completed, will be on the terms that are exactly the same as disclosed in this Prospectus. See *“Risk Factors – Securing Additional Financing”*.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Company has agreed to sell and the Underwriters have agreed to, severally, and not jointly nor jointly or severally, purchase, as principals, on the Closing Date, 20,500,000 Offered Units at the Offering Price, for aggregate gross proceeds of \$50,225,000 payable in cash to the Company against delivery of the Offered Units. The Offering Price was determined by arm’s length negotiation between the Company and the Underwriters, with reference to the prevailing market price of the Common Shares. The obligations of the Underwriters under the Underwriting Agreement are several (and not joint nor joint and several), are subject to certain closing conditions and may be terminated at the Underwriters’ discretion on the basis of “disaster out”, “material change out”, “restrictions on distribution out”, “adverse order out” and “breach out” provisions in the Underwriting Agreement and may also be terminated upon the occurrence of certain other stated events. The Underwriters are, however, obligated to take up and pay for all of the Offered Units if any Offered Units are purchased under the Underwriting Agreement.

The Company has granted to the Underwriters an Over-Allotment Option, exercisable, in whole or in part, at the sole discretion of the Underwriters, for a period of 30 days from and including the Closing Date, to purchase up to an additional 3,075,000 Over-Allotment Units at the Offering Price to cover the Underwriters’ over-allocation position, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Underwriters to acquire: (i) up to an additional 3,075,000 Over-Allotment Units at the Offering Price; (ii) up to 3,075,000 Over-Allotment Shares at the Over-Allotment Share Price; (iii) up to 1,537,500 Over-Allotment Warrants at the Over-Allotment Warrant Price; or (iv) any combination of Over-Allotment Units at the Offering Price, Over-Allotment Shares at the Over-Allotment Share Price and Over-Allotment Warrants at the Over-Allotment Warrant Price, provided that the aggregate number of Over-Allotment Shares which may be issued under the Over-Allotment Option does not exceed 3,075,000 Over-Allotment Shares and the aggregate number of Over-Allotment Warrants which may be issued under the Over-Allotment Option does not exceed 1,537,500 Over-Allotment Warrants. The Over-Allotment Option is exercisable by the Underwriters giving notice to the Company in the time herein provided, which notice shall specify the number of Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants to be purchased. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Over-Allotment Units, Over-Allotment Shares or Over-Allotment Warrants forming part of the Underwriters’ over-allocation position acquires those Over-Allotment Units, Over-Allotment Shares or Over-Allotment Warrants under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In consideration for the services provided by the Underwriters in connection with the Offering, and pursuant to the terms of the Underwriting Agreement, the Company has agreed to pay the Underwriters the Underwriters’ Fee.

The Offering is being made in the provinces of British Columbia, Alberta, Ontario and Nova Scotia. The Offered Units will be offered in each of the selling provinces through the Underwriters or their affiliates who are registered to offer the Offered Units for sale in such provinces and such other registered dealers as may be designated by the Underwriters. Subject to applicable law, the Underwriters may offer the Offered Units in the United States and such other jurisdictions outside of Canada and the United States as agreed upon by the Company and the Underwriters.

The Company has given notice to list the Unit Shares, the Warrant Shares and the Warrants on the CSE. Listing will be subject to the Company fulfilling all the listing requirements of the CSE. There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased under this Prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation. See *“Risk Factors”*.

The Underwriters propose to offer the Offered Units initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Offered Units at the Offering Price, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than the Offering Price, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Offered Units is less than the gross proceeds paid by the Underwriters to the Company.

Pursuant to the Underwriting Agreement, the Company and each of its senior officers and directors, has agreed not to, and in the case of any person other than the Company, has executed an undertaking in favour of the Underwriters, pursuant to which each has agreed not to, directly or indirectly, offer, issue, sell, grant, secure, pledge, or otherwise transfer, dispose of or monetize, or engage in any hedging transaction, or enter into any form of agreement or arrangement the consequence of which is to alter economic exposure to, or announce any intention to do so, in any manner whatsoever, any Common Shares or securities convertible into, exchangeable for, or otherwise exercisable to acquire Common Shares or other equity securities of the Company for a period of ninety (90) days after the Closing Date, without the prior written consent of the Underwriters, such consent not to be unreasonably withheld, except, as applicable in the case of the Company or the applicable person, in conjunction with: (i) the grant or exercise of stock options and other similar issuances pursuant to any share incentive plan of the Company and other share-based compensation arrangements; (ii) the exercise of outstanding warrants; (iii) obligations of the Company in respect of existing agreements; (iv) the issuance of securities by the Company in connection with acquisitions in the normal course of business; (v) the issuance of securities on conversion of outstanding convertible securities or convertible debt; or (vi) in the case of a person other than the Company, in order to accept a bona fide take-over bid made to all securityholders of the Company or similar business combination transaction.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Common Shares for their own accounts or for accounts over which they exercise control or direction. The foregoing restriction is subject to certain exceptions including: (a) a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities, (b) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution, provided that the bid or purchase was for the purpose of maintaining a fair and orderly market and not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, such securities, or (c) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period. Consistent with these requirements, and in connection with this distribution, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on the CSE, in the over-the-counter market or otherwise.

Canaccord and/or its affiliates from time to time have provided in the past, and may provide in the future, investment banking, financial advisory, broker-dealer and commercial banking services to the Company and its subsidiaries and affiliates in the ordinary course of business for which they have received, or may receive, customary fees and commissions, including in connection with Canaccord providing financial advisory services and a fairness opinion as part of the Moxie Business Combination.

Accordingly, the Company may be considered a “connected issuer”, as such term is defined in National Instrument 33-105 – *Underwriting Conflicts*, of Canaccord for the purposes of applicable securities legislation in each of the provinces of Canada. Other than the Underwriters’ Fee to be allocated to the Underwriters pursuant to the terms of the Underwriting Agreement, the proceeds of the Offering will not be allocated or applied, directly or indirectly, for the benefit of Canaccord. The decision to offer Offered Units was made solely by the Company and the terms upon which the Offered Units are being offered were determined by arm’s length negotiations between the Company and the Underwriters.

The Offered Units offered hereby, and the Unit Shares and Warrant Shares issuable upon exercise of the Warrants, have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered, sold or delivered, directly or indirectly, to, or for the account or benefit of, a person in the United States or a U.S. Person.

The Underwriters have agreed that, except as permitted by the Underwriting Agreement and as expressly permitted by applicable United States federal and state securities laws, it will not offer or sell the Offered Units at any time to, or for the account or benefit of, any person in the United States or any U.S. Person as part of its distribution. The Underwriting Agreement permits the Underwriters to re-offer and re-sell the Offered Units that it has acquired pursuant to the Underwriting Agreement to “qualified institutional buyers” (as defined in Rule 144A of the U.S. Securities Act) that are, or are acting for the account or benefit of, a person in the United States or a U.S. Person in compliance with Rule 144A under the U.S. Securities Act (and pursuant to similar exemptions under applicable state securities laws). Moreover, the Underwriting Agreement provides that the Underwriters will offer and sell the Offered Units outside the United States to non-U.S. Persons only in accordance with Rule 903 of Regulation S under the U.S. Securities Act. The Offered Units that are offered or sold to, or for the account or benefit of, a person in the United States or a U.S. Person, and any Unit Shares and Warrant Shares issued upon the exercise of the Warrants, will be “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act and will be subject to restrictions to the effect that such securities have not been registered under the U.S. Securities Act or any applicable state securities laws and may only be offered, sold, pledged or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Offered Units to, or for the account or benefit of, a person in the United States or a U.S. Person. In addition, until forty (40) days after the commencement of the Offering, an offer or sale of the Offered Units within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with exemptions from registration under the U.S. Securities Act and applicable state securities laws.

Subscriptions will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about August 21, 2019, or such other date as may be agreed upon by the Company and Underwriters, but in any event not later than forty-two (42) days after the date of the receipt of the (final) short form prospectus. It is anticipated that the Offered Units will be delivered under the book-based system through CDS or its nominee and deposited in electronic form. A purchaser of Offered Units will receive only a customer confirmation from the registered dealer from or through which the Offered Units are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Offered Units on behalf of owners who have purchased Offered Units in accordance with the book-based system. No definitive certificates will be issued unless specifically requested or required.

Pursuant to the terms of the Underwriting Agreement, the Company has agreed to reimburse the Underwriters for certain expenses incurred in connection with the Offering and to indemnify the Underwriters and their directors, officers, employees, and agents against certain liabilities and expenses and to contribute to payments the Underwriters may be required to make in respect thereof.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Description of Offering

The Offering contemplates the issuance and sale of Offered Units.

Description of Common Shares and Proportionate Voting Shares

The authorized capital of the Company consists of an unlimited number of Common Shares and an unlimited number of Proportionate Voting Shares. As at the close of business on August 14, 2019, there were 179,745,863 Common Shares and 59,795 Proportionate Voting Shares issued and outstanding. The aggregate percentage of votes attached to the Common Shares and the Proportionate Voting Shares is 85.7% and 14.3%, respectively.

Notice and Voting Rights of Common Shares and Proportionate Voting Shares

Each holder of Common Shares and Proportionate Voting Shares is entitled to receive notice of and to attend all meetings of shareholders of the Company. Holders of Proportionate Voting Shares are entitled to five hundred (500) votes per Proportionate Voting Share on all matters subject to shareholder vote. Holders of Common Shares are entitled to one (1) vote per Common Share on all matters subject to shareholder vote. Except as otherwise required by law, holders of Common Shares and Proportionate Voting Shares must vote such shares as a single class.

Dividend Rights

All dividends which are declared in the discretion of the directors on the Common Shares shall be declared and paid on the Common Shares at the time outstanding, and vice versa, in the proportion hereinafter provided for. If, as and when dividends are declared by the directors, each Proportionate Voting Share is entitled to five hundred (500) times the amount paid or distributed per Common Share.

Rights on Liquidation or Winding Up

In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of its assets among the shareholder of the Company for the purpose of winding-up its affairs, whether voluntarily or involuntarily, all the property and assets of the Company available for distribution to the holders of the Common Shares and Proportionate Voting Shares will be paid or distributed on the basis that each Proportionate Voting Share will be entitled to five hundred (500) times the amount distributed per Common Share, but otherwise there is no preference or distinction among or between the Common Shares and Proportionate Voting Shares.

Restrictions on Transfer

Under applicable Canadian securities laws, an offer to purchase the Proportionate Voting Shares would not necessarily require that an offer be made to purchase the Common Shares. The holders of all the outstanding Proportionate Voting Shares have entered into a customary coattail agreement with the Company and a trustee (the “**Coattail Agreement**”). The Coattail Agreement contains provisions customary for dual class, listed corporations designed to prevent transactions that otherwise would deprive the holders of the Common Shares of rights under applicable provincial take-over bid legislation to which they would have been otherwise entitled. The foregoing is a summary of the material attributes and characteristics of the Coattail Agreement. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms of the Coattail Agreement, a copy of which has been filed with the Canadian securities regulatory authorities and available on SEDAR at www.sedar.com.

For a full description of the material attributes and classes of securities of the Company, including the conversion provisions of the Common Shares and the Proportionate Voting Shares, please see the AIF on SEDAR, available on SEDAR at www.sedar.com.

Warrants

The following is a summary of the principal attributes of the Warrants and certain anticipated provisions of the Warrant Indenture mentioned hereunder. The summary does not purport to be complete and is subject in its entirety to the detailed provisions of the Warrant Indenture. A copy of the Warrant Indenture may be obtained on request from the Company’s secretary and will be available electronically on SEDAR at www.sedar.com and reference should be made to the Warrant Indenture for the full text of the attributes of the Warrants.

Each Warrant entitles its holder, upon the payment of the exercise price of \$3.50, to purchase one Warrant Share for a period of 3 years from the Closing Date.

The Company will designate the Warrant Agent, in its Toronto office, as agent for the Warrants. Prior to the closing of the Offering, the Company may name any other agent with respect to the Warrants.

The Warrant Indenture will provide for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share upon the occurrence of certain events, including:

- (i) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of Common Shares by way of a stock dividend or other distribution (other than a dividend paid in the ordinary course or a distribution of Common Shares upon the exercise of any outstanding warrants or options);
- (ii) the subdivision, redivision or change of the Common Shares into a greater number of shares;
- (iii) the consolidation, reduction or combination of the Common Shares into a lesser number of shares;
- (iv) the issuance to all or substantially all of the holders of Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the "current market price", as defined in the Warrant Indenture, of Common Shares on such record date; and
- (v) the issuance or distribution to all or substantially all of the holders of Common Shares of securities, including rights, options or warrants to acquire shares of any class or securities exchangeable or convertible into any such shares or property or assets and including evidences of indebtedness, or any property or other assets.

The Warrant Indenture will also provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security in the event of the following additional events:

- (i) the reclassification of Common Shares;
- (ii) the amalgamation, arrangement or merger with or into any other corporation or other entity (other than an amalgamation, arrangement or merger which does not result in any reclassification of the Company's outstanding Common Shares or a change of the Common Shares into other shares); or
- (iii) the transfer of the Company's undertakings or assets as an entirety or substantially as an entirety to another corporation or other entity.

No adjustment in the exercise price or number of Warrant Shares will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the exercise price or a change in the number of Warrant Shares purchasable upon exercise by at least one one-hundredth (1/100th) of a Common Share, as the case may be.

The Company will covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, the Company will give notice to Warrant holders of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least 14 days prior to the record date or effective date, as the case may be, of such event.

No fraction of a Warrant Share will be issued upon the exercise of a Warrant and no cash payment will be made in lieu thereof. Warrant holders are not entitled to any voting rights or pre-emptive rights or any other rights conferred upon a person as a result of being a holder of Common Shares.

From time to time, the Company and the Warrant Agent, without the consent of the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Warrants. Any amendment or supplement to the

Warrant Indenture that adversely affects the interests of the holders of the Warrants may only be made by “extraordinary resolution”, which will be defined in the Warrant Indenture as a resolution either (1) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 20% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66 2/3% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution or (2) adopted by an instrument in writing signed by the holders of not less than 66 2/3% of the aggregate number of all then outstanding Warrants.

The Warrants will not be exercisable in the United States or by or on behalf of a “U.S. Person”, nor will certificates representing the Warrant Shares issuable upon exercise of the Warrants be registered or delivered to an address in the United States, unless an exemption from registration under the U.S. Securities Act and any applicable state securities laws is available.

PRIOR SALES

The following table sets forth the details regarding all issuances of Common Shares, including issuances of all securities convertible or exchangeable into Common Shares, during the 12-month period prior to the date of this Prospectus.

Date of Issue	Type of Security Issued	Issue, Exercise or Conversion Price per Security (\$)	Number of Securities Issued or Issuable
September 18, 2018 ⁽¹⁾	Common Shares ⁽³⁾	\$0.50	50,000 ⁽²⁾
October 12, 2018 ⁽⁹⁾	RTO Acquireco Shares	\$2.00 ^{(2) (10)}	15,271,040 ^{(2) (10)}
November 2, 2018 ⁽⁹⁾	RTO Acquireco Shares	\$2.00 ^{(2) (10)}	1,717,614 ^{(2) (10)}
November 9, 2018 ⁽¹⁾	Common Shares	\$1.44	46,127,001
November 9, 2018 ⁽¹⁾	Proportionate Voting Shares	\$720.00	38,194
November 9, 2018 ⁽¹⁾	Common Shares	\$2.00	1,870,662
November 9, 2018 ⁽¹⁾	Common Shares	\$1.44	14,436,637
November 13, 2018 ⁽¹⁾	Common Share Options	\$3.05	150,000
November 13, 2018 ⁽¹⁾	Common Shares ⁽³⁾	\$0.50	277,000
November 20, 2018 ⁽¹⁾	Common Shares ⁽⁴⁾	\$1.80	17,361
November 21, 2018 ⁽¹⁾	Common Shares ⁽³⁾	\$0.50	50,000
November 22, 2018 ⁽¹⁾	Common Shares ⁽³⁾	\$1.80	17,361
December 4, 2018 ⁽⁵⁾	Common Shares	\$2.00	12,228,960
December 5, 2018 ⁽¹⁾	Common Shares ⁽⁴⁾	\$1.80	10,416
December 7, 2018 ⁽¹⁾	Common Shares ⁽⁴⁾	\$1.80	26,040
December 13, 2018 ⁽¹⁾	Common Shares	\$3.13	426,992
December 14, 2018 ⁽¹⁾	Common Share Warrants	\$3.16	7,609,746 ⁽⁷⁾
December 21, 2018 ⁽¹⁾	Common Shares ⁽⁴⁾	\$1.80	34,722
December 28, 2018	Common Shares ⁽⁴⁾	\$1.80	3,204,860
December 31, 2018	Common Shares ⁽⁴⁾	\$3.00	31,000
January 3, 2019	Common Shares ⁽⁴⁾	\$3.00	25,000

January 8, 2019	Common Shares ⁽⁴⁾	\$1.80	48,609
January 9, 2019	Common Shares ⁽⁴⁾	\$1.80	34,722
January 10, 2019	Common Shares ⁽⁴⁾	\$1.80	17,361
January 11, 2019	Common Shares ⁽⁴⁾	\$1.80	123,263
January 15, 2019	Common Shares ⁽⁴⁾	\$1.80	69,444
January 17, 2019	Common Shares ⁽⁴⁾	\$1.80	434,027
January 22, 2019	Common Shares ⁽⁴⁾	\$1.80	79,861
January 22, 2019	Common Shares ⁽⁴⁾	\$1.80	347,222
January 24, 2019	Common Shares	\$2.88	1,741,244
January 25, 2019	Common Shares ⁽⁴⁾	\$1.80	26,041
January 29, 2019	Common Shares ⁽⁴⁾	\$1.80	8,681
January 29, 2019	Common Shares ⁽⁴⁾	\$1.80	17,361
January 29, 2019	Common Shares ⁽⁴⁾	\$1.80	17,360
January 30, 2019	Common Shares ⁽⁴⁾	\$1.80	26,041
February 5, 2019	Common Shares ⁽⁹⁾	\$3.00	10,000
February 5, 2019	Common Shares ⁽⁹⁾	\$1.80	20,837
February 8, 2019	Common Shares	\$5.85	1,000,000
February 8, 2019	Common Share Warrants	\$5.85	1,000,000
February 12, 2019	Common Shares ⁽⁴⁾	\$3.00	5,500
February 12, 2019	Common Shares ⁽⁴⁾	\$1.80	26,041
February 12, 2019	Common Shares ⁽⁴⁾	\$1.80	34,722
February 14, 2019	Common Shares ⁽⁴⁾	\$1.80	8,680
February 14, 2019	Common Shares ⁽⁴⁾	\$1.80	8,680
February 14, 2019	Restricted Share Units	\$5.70	2,120,000
February 19, 2019	Common Shares ⁽⁴⁾	\$1.80	225,694
February 19, 2019	Common Shares ⁽⁴⁾	\$1.80	17,361
February 27, 2019	Common Shares ⁽⁴⁾	\$1.80	34,722
February 28, 2019	Common Shares ⁽⁴⁾	\$1.80	38,194
March 7, 2019	Common Shares ⁽⁴⁾	\$3.00	2,500
March 8, 2019	Common Shares ⁽⁴⁾	\$4.62	250,000
March 14, 2019	Common Shares ⁽⁴⁾	\$1.80	173,611
March 18, 2019	Common Shares ⁽⁴⁾	\$1.80	911,806
March 26, 2019	Common Shares ⁽⁴⁾	\$1.80	34,722
April 1, 2019	Common Shares ⁽⁴⁾	\$1.80	350,000
April 23, 2019	Common Shares ⁽⁴⁾	\$1.80	52,083
April 25, 2019	Common Shares ⁽⁴⁾	\$1.80	10,416
April 30, 2019	Common Shares ⁽⁴⁾	\$1.80	48,610
April 30, 2019	Common Shares ⁽⁴⁾	\$3.00	6,000
May 3, 2019	Common Shares ⁽⁴⁾	\$1.80	112,847
May 3, 2019	Common Shares ⁽⁴⁾	\$1.80	112,847
May 3, 2019	Common Shares ⁽⁴⁾	\$1.80	225,694
May 8, 2019	Common Shares ⁽⁴⁾	\$1.80	170,833
May 9, 2019	Common Shares ⁽⁴⁾	\$1.80	451,389
May 13, 2019	Common Shares ⁽⁴⁾	\$1.80	392,361

May 13, 2019	Common Shares ⁽⁴⁾	\$1.80	69,444
May 13, 2019	Common Shares ⁽⁴⁾	\$1.80	17,361
May 13, 2019	Proportionate Voting Shares ⁽⁴⁾	\$900.00 ⁽⁶⁾	19,097
May 13, 2019	Common Shares ⁽⁴⁾	\$1.80	546,875
May 15, 2019	Common Shares ⁽⁴⁾	\$1.80	104,166
May 16, 2019	Common Shares	(\$3.26)	(27,300,000) ⁽⁸⁾
May 21, 2019	Common Shares	\$4.26	212,636
May 21, 2019	Common Shares	\$4.26	500,000
May 21, 2019	Common Share Warrants	\$4.26	500,000
May 22, 2019	Restricted Share Units	\$4.07	295,000
June 24, 2019	Common Share Warrants	\$3.03	3,973,230 ⁽⁷⁾
June 28, 2019	Common Shares ⁽⁴⁾	\$1.80	37,290
July 16, 2019	Common Shares ⁽⁴⁾	\$1.80	8,680
July 18, 2019	Common Shares ⁽⁴⁾	\$1.80	138,888
July 24, 2019	Common Shares ⁽⁴⁾	\$1.80	69,444
July 31, 2019	Common Shares ⁽¹¹⁾	\$3.16	7,289,145
July 31, 2019	Common Shares ⁽¹¹⁾	\$2.28	8,238,749

Notes:

- (1) Issued by Xanthic Biopharma Inc., which changed its name to Green Growth Brands Inc. on December 28, 2018.
- (2) Adjusted for the 4:1 share consolidation completed in conjunction with the RTO Transaction.
- (3) Issued pursuant to the exercise of options.
- (4) Issued pursuant to the exercise of warrants.
- (5) Prior to the RTO Transaction, RTO Acquireco completed a private placement for gross proceeds of \$55,000,000, whereby the subscriber subscribed for 17,781,687 RTO Acquireco Shares at approximately \$1.72 per Acquireco Share and 14,239,470 RTO Acquireco Share purchase warrants, which were exchanged on closing of the RTO Transaction for Common Share Warrants which could be exercised at an exercise price of \$2.00 per Common Share for an additional 12,228,960 Common Shares. The Subscriber exercised its Common Share Warrants prior to closing of the RTO Transaction and was issued 12,228,960 Common Shares upon payment of the aggregate exercise price on December 4, 2018.
- (6) Issued pursuant to the exercise of Proportionate Voting Share Warrants.
- (7) On June 24, 2019, the Company cancelled the Henderson Warrant and issued the Revised Henderson Warrant. See “Recent Developments”.
- (8) On May 16, 2019, the Company repurchased 27.3 million Common Shares from GAOC. See “Recent Developments”.
- (9) Issued by the RTO Acquireco prior to the closing of the RTO Transaction.
- (10) Adjusted for the share exchange ratio of 3.435228781 applied on closing of the RTO Transaction.
- (11) Issued in connection with the Spring Oaks Acquisition.

TRADING PRICE AND VOLUME

The Common Shares are listed and quoted for trading on the CSE under the trading symbol “GGB” and on the OTCQB under the symbol “GGBXF”. The following table shows the monthly range of high and low prices per Common Share at the close of market on the CSE as well as total monthly volumes of Common Shares traded on the CSE for the 12-month period prior to the date of this Prospectus.

Period	High (\$)	Low (\$)	Monthly Trading Volume
2019			
August 1 - 14 2019	\$2.20	\$1.97	3,966,800
July 2019	\$3.40	\$2.09	13,807,900
June 2019	\$3.78	\$2.61	7,178,900
May 2019	\$5.52	\$3.49	12,786,400
April 2019	\$5.01	\$3.66	9,162,300
March 2019	\$5.50	\$4.43	6,317,400

February 2019	\$6.00	\$4.77	7,826,300
January 2019	\$6.40	\$4.09	21,574,400
2018			
December 2018	\$5.27	\$2.48	9,437,300
November 2018 ⁽¹⁾	\$4.25	\$2.30	10,013,200
October 2018 ⁽¹⁾	\$N/A	\$N/A	Nil
September 2018 ⁽¹⁾	\$N/A	\$N/A	Nil
August 2018 ⁽¹⁾	\$N/A	\$N/A	Nil

Note:

- (1) Trading of the Common Shares on the CSE was halted on July 13, 2018 until completion of the RTO Transaction. Following completion of the RTO Transaction, the Common Shares were listed and commenced trading on the CSE under the stock symbol “GGB” on November 13, 2018.

REVERSE TAKE-OVER DISCLOSURE

On November 9, 2018, the Company completed the RTO Transaction as defined in section 1.1(1) of National Instrument 51-102 – *Continuous Disclosure Obligations*. Information regarding the RTO Acquiror in the Prospectus is incorporated by reference through the RTO Information Circular and other documents referenced under the heading, “*Documents Incorporated By Reference*”.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Stikeman Elliott LLP, counsel to the Company, and DLA Piper (Canada) LLP, counsel to the Underwriters, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser who acquires an Offered Unit pursuant to this Offering. For purposes of this summary, references to Common Shares include Unit Shares and Warrant Shares unless otherwise indicated. This summary applies only to a purchaser who is a beneficial owner of Common Shares and Warrants acquired pursuant to this Offering and who, for the purposes of the *Income Tax Act* (Canada) (the “**Tax Act**”), and at all relevant times: (i) deals at arm’s length and is not affiliated with the Company or the Underwriter; and (ii) holds the Common Shares and Warrants as capital property (a “**Holder**”).

Common Shares and Warrants will generally be considered to be capital property to a Holder unless they are held in the course of carrying on a business of trading or dealing in securities or were acquired in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is based upon: (i) the current provisions of the Tax Act and the regulations thereunder (“**Regulations**”) in force as of the date hereof; (ii) all specific proposals to amend the Tax Act or the Regulations that have been publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof (“**Proposed Amendments**”); and (iii) counsel’s understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (“**CRA**”). No assurance can be given that the Proposed Amendments will be enacted or otherwise implemented in their current form, if at all. If the Proposed Amendments are not enacted or otherwise implemented as presently proposed, the tax consequences may not be as described below in all cases. This summary does not otherwise take into account or anticipate any changes in law, administrative policy or assessing practice, whether by legislative, regulatory, administrative, governmental or judicial decision or action, nor does it take into account the tax laws of any province or territory of Canada or of any jurisdiction outside of Canada.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Accordingly, Holders should consult their own tax advisors with respect to their particular circumstances.

Allocation of Cost

A Holder who acquires an Offered Unit pursuant to this Offering will be required to allocate the purchase price paid for each Offered Unit on a reasonable basis between the Unit Share and the half Warrant comprising each Offered Unit in order to determine their respective costs to such Holder for the purposes of the Tax Act. For its purposes, the

Company has advised counsel that, of the \$2.45 subscription price for each Offered Unit, it intends to allocate \$2.24 to each Unit Share and \$0.21 to each half Warrant and believes that such allocation is reasonable. The Company's allocation, however, is not binding on the CRA or on a Holder. The adjusted cost base to a Holder of each Unit Share comprising a part of an Offered Unit acquired pursuant to this Offering will be determined by averaging the cost of such Unit Share with the adjusted cost base to such Holder of all other Common Shares (if any) held by the Holder as capital property immediately prior to the acquisition.

Exercise of Warrants

No gain or loss will be realized by a Holder upon the exercise of a Warrant. When a Warrant is exercised, the cost to the Holder of the Warrant Share so acquired will be the aggregate of the adjusted cost base, for that Holder, of the Warrant and the price paid for the Warrant Share upon exercise of the Warrant. The Holder's adjusted cost base of the Warrant Share so acquired will be determined by averaging the cost of the Warrant Share acquired upon the exercise of a Warrant with the adjusted cost base to such Holder of all other Common Shares (if any) held by the Holder as capital property immediately prior to the exercise of the Warrant.

Holders Resident in Canada

This section of the summary applies to a Holder who, at all relevant times, is, or is deemed to be, resident in Canada for the purposes of the Tax Act ("**Resident Holder**"). This section of the summary is not applicable to a Holder: (i) that is a "financial institution" within the meaning of section 142.2 of the Tax Act; (ii) that is a "specified financial institution" as defined in subsection 248(1) of the Tax Act; (iii) that has elected to report its Canadian tax results in a currency other than the Canadian currency; (iv) an interest in which is a "tax shelter investment" for the purposes of the Tax Act, or (v) has entered into or will enter into a "derivative forward agreement", as defined in subsection 248(1) of the Tax Act, in respect of Common Shares or Warrants. Such Holders should consult their own tax advisor.

Additional considerations, not discussed herein, may be applicable to a Resident Holder that is a corporation (or does not deal at arm's length with a corporation) that is, or becomes as part of a transaction or series of transactions or events that includes the acquisition of the Offered Units, controlled by a non-resident corporation, individual, trust, or group of the foregoing that do not deal with each other at arm's length for the purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Holders should consult their own tax advisors with respect to an investment in Offered Units.

A Resident Holder whose Common Shares might not otherwise qualify as capital property may be entitled to make the irrevocable election provided by subsection 39(4) of the Tax Act to have the Common Shares and every other "Canadian security" (as defined in the Tax Act) owned by such Resident Holder in the taxation year of the election and in all subsequent taxation years deemed to be capital property. Resident Holders should consult their own tax advisors for advice as to whether an election under subsection 39(4) of the Tax Act is available and/or advisable in their particular circumstances. Such election is not available in respect of Warrants.

Dividends

A Resident Holder will be required to include in computing its income for a taxation year any taxable dividends received or deemed to be received on the Common Shares. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations. Taxable dividends received from a taxable Canadian corporation which are designated by such corporation as "eligible dividends" will be subject to an enhanced gross-up and dividend tax credit regime in accordance with the rules in the Tax Act. In the case of a Resident Holder that is a corporation, the amount of any such taxable dividend that is included in its income for a taxation year will generally be deductible in computing its taxable income for that taxation year. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Resident Holder that is a “private corporation” or a “subject corporation”, as defined in the Tax Act, will generally be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing the Resident Holder’s taxable income for the year. This tax will generally be refunded to the corporation when sufficient dividends are paid while it is a private corporation or a subject corporation.

Dispositions of Common Shares and Warrants

A Resident Holder who disposes of or is deemed to have disposed of a Common Share or Warrant (other than on the exercise of a Warrant) will generally realize a capital gain (or capital loss) in the taxation year of the disposition equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base to the Resident Holder of the Common Share or Warrant immediately before the disposition or deemed disposition. Generally, the expiry of an unexercised Warrant will give rise to a capital loss equal to the adjusted cost base to the Resident Holder of such Warrant. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading “*Taxable Capital Gains and Losses*”.

Taxable Capital Gains and Losses

A Resident Holder will generally be required to include in computing its income for the taxation year of disposition, one-half of the amount of any capital gain (a “**taxable capital gain**”) realized in such year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder will generally be required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) against taxable capital gains realized in the taxation year of disposition. Allowable capital losses in excess of taxable capital gains for the taxation year of disposition generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances specified in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of a Common Share by a Resident Holder that is a corporation may, in certain circumstances, be reduced by the amount of dividends received or deemed to have been received by it on such Common Shares to the extent and under the circumstances specified in the Tax Act. Similar rules may apply where a Resident Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly, through a partnership or a trust. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

Other Income Taxes

A Resident Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax on its “aggregate investment income” (as defined in the Tax Act) for the year, including taxable capital gains.

In general terms, a Resident Holder who is an individual (other than certain trusts) that receives or is deemed to have received taxable dividends on the Common Shares or realizes a capital gain on the disposition or deemed disposition of Common Shares or Warrants may be liable for alternative minimum tax under the Tax Act. Resident Holders that are individuals should consult their own tax advisors in this regard.

Holders Not Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act: (i) is not, and is not deemed to be, resident in Canada; and (ii) does not use or hold the Common Shares or Warrants in the course of a business carried on or deemed to be carried on in Canada (“**Non-Resident Holder**”). This summary does not apply to a Holder that carries on, or is deemed to carry on, an insurance business in Canada and elsewhere or an “authorized foreign bank” (as defined in the Tax Act) and such Holders should consult their own tax advisors.

Dividends

Dividends paid or credited or deemed under the Tax Act to be paid or credited by the Company to a Non-Resident Holder on the Common Shares will generally be subject to Canadian withholding tax at the rate of 25%, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled under any applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident. For example, where a Non-Resident Holder is a resident of the United States, is fully entitled to the benefits under the *Canada-United States Income Tax Convention (1980)* and is the beneficial owner of the dividend, the applicable rate of Canadian withholding tax is generally reduced to 15%.

Dispositions

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition or deemed disposition of a Common Share or Warrant unless the Common Share or Warrant is, or is deemed to be, “taxable Canadian property” of the Non-Resident Holder for the purposes of the Tax Act and the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

Generally, a Common Share or Warrant will not constitute taxable Canadian property of a Non-Resident Holder provided that the Common Shares are listed on a “designated stock exchange” for the purposes of the Tax Act (which currently includes the CSE) at the time of disposition of such Common Shares or Warrant, unless at any time during the 60 month period immediately preceding the disposition, (i) at least 25% of the issued shares of any class or series of the capital stock of the Company were owned by or belonged to any combination of (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder did not deal at arm’s length, and (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; and (ii) at such time, more than 50% of the fair market value of such shares was derived, directly or indirectly, from any combination of real or immovable property situated in Canada, “Canadian resource property” (as defined in the Tax Act), “timber resource property” (as defined in the Tax Act), or options in respect of, interests in, or for civil law rights in such properties, whether or not such property exists.

In cases where a Non-Resident Holder disposes (or is deemed to have disposed) of a Common Share or Warrant that is taxable Canadian property to that Non-Resident Holder, and the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention, the consequences described above under the heading *“Holders Resident in Canada — Taxable Capital Gains and Losses”* will generally be applicable to such disposition. Such Non-Resident Holders should consult their own tax advisors.

ELIGIBILITY FOR INVESTMENT

In the opinion of Stikeman Elliott LLP, counsel to the Company, and DLA Piper (Canada) LLP, counsel to the Underwriters, based on the current provisions of the Tax Act, the Regulations and Proposed Amendments, the Unit Shares, Warrants and Warrant Shares, if issued on the date hereof, would be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan (“RRSP”), registered retirement income fund (“RRIF”), deferred profit sharing plan, registered education savings plan (“RESP”), registered disability savings plan (“RDSP”) or tax-free savings account (“TFSA”, and collectively “Registered Plans”), provided that (i) in the case of the Unit Shares and Warrant Shares, the Unit Shares or Warrant Shares are listed on a “designated stock exchange,” as defined in the Tax Act (which includes the CSE) and (ii) in the case of the Warrants, the Warrant Shares are qualified investments as described in (i) above and neither the Company, nor any person with whom the Company does not deal at arm’s length for the purposes of the Tax Act, is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the particular Registered Plan.

Notwithstanding the foregoing, if the Unit Shares, Warrant Shares or Warrants are a “prohibited investment” (as defined in the Tax Act) for a particular RRSP, RRIF, RDSP, RESP or TFSA, the annuitant, holder, or subscriber of the particular Registered Plan, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Unit Shares, Warrant Shares and Warrants will not be a “prohibited investment” for a trust governed by an RRSP, RRIF, RDSP, RESP or TFSA provided the annuitant of the RRSP or RRIF, the holder of the TFSA or RDSP, or the subscriber of the RESP, as

the case may be, deals at arm's length with the Company for purposes of the Tax Act and does not have a "significant interest", within the meaning of ss. 207.01(4) of the Tax Act, in the Company. In addition, the Unit Shares and Warrant Shares will not be a prohibited investment if such securities are "excluded property", for purposes of the prohibited investment rules, for an RRSP, RRIF, RDSP, RESP or TFSA. Annuitants under an RRSP or RRIF, holders of a TFSA or RDSP and subscribers under an RESP should consult their own tax advisors as to whether the Unit Shares, Warrant Shares or Warrants will be a prohibited investment for such RRSP, RRIF, TFSA, RESP or RDSP in their particular circumstances.

PROMOTERS

During the two years immediately preceding the date of this Prospectus, the promoters of the Company have been and are as follows:

Name	Type of Securities Held	Number of Securities Held ²³	Percentage of Outstanding Class
All Js Greenspace LLC	Common Shares	36,090,144	10.1%
All Js Greenspace LLC	Proportionate Voting Shares	62,868	100.0%
Chiron Ventures Inc.	Common Shares	12,042,656	3.4%

AUDIT COMMITTEE

As at the date of this Prospectus, the Audit Committee consists of the following members: Carli Posner, Igor Galitsky, and Steven Stoute. The following is a brief summary of the education or experience of each member of the Audit Committee that is relevant to the performance of his or her responsibilities as a member of the Audit Committee, including any education or experience that has provided the member with an understanding of the accounting principles used by the Company to prepare its annual and quarterly consolidated financial statements.

The Issuer's Audit Committee consists of Carli Posner, Igor Galitsky, and Steven Stoute. The following is a summary biography Ms. Posner serves as Chief Executive Officer of Notable Life Media Group and Signature C Entertainment. In these roles, she leads the operations of each of these entities, to include review and approval related to the budgeting and financing processes. Her prior roles include positions with the Canadian Broadcasting Corporation and the National Hockey League. Ms. Posner holds a bachelor's degree in Fine Arts from the University of Victoria.

Mr. Galitsky previously served as President of Xanthic Biopharama, Inc. and is one of the entity's founders. He has extensive experience in the cannabis sector, having operated in the industry in various capacities since 2001, including prior executive positions with the Issuer and participation on the Canadian Cannabis Coalition, a national coalition founded in 1999, comprised of over 150 leading grassroots, business, political, medicinal, legal, academic and international stakeholders. Mr. Galitsky also operated his own consulting firm, through which he assisted several Canadian licensed medical producers in successfully launching operations, developing standard operating procedures, and consulting on construction, cultivation, licensing, and extracting. Prior to his experience in the cannabis industry, Mr. Galitsky founded and operated a sportswear company, where he oversaw sales, financing, operations, and marketing functions, and was responsible for the execution of the company's corporate strategy and eventual sale to an Italian sportswear conglomerate. Subsequent to this experience, Mr. Galitsky oversaw and was responsible for a real estate portfolio with more than \$60,000,000 in assets. He also currently serves on the board of directors at Platinex Inc., which focuses on development of an online community and portal by publishing timely and informative articles in respect of the cannabis industry. Mr. Galitsky holds a bachelor's degree in business administration from Seneca College.

²³ Assumes the issuance by the Company of (i) Proportionate Voting Shares to All Js Greenspace LLC and (ii) Common Shares to Chiron Ventures Inc. in connection with the Backstop Fee upon completion of the Offering.

Mr. Stoute currently serves as Chief Executive Officer of Translation Enterprises, an advertising and marketing agency with clients that include the National Basketball Association, Kaiser Permanente, and State Farm Insurance. In his capacity as Chief Executive Officer, he is responsible for, among other things, the evaluation and analysis of complex financial statements and reports to include interaction with (and oversight of) subordinates actively engaged in compiling such statements and reports. Prior to that role, he served as Chief Executive Officer for Carol's Daughter, a developer of hair and beauty products that was acquired by L'Oreal under Mr. Stoute's guidance. He also served as an executive Vice President for Interscope Records. Mr. Stoute's various executive level positions have provided him with a firm understanding of the internal controls related to financial reporting and an ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are reasonably comparable to the breadth and complexity of the issues that can be expected to be raised by the Company's financial statements.

RISK FACTORS

An investment in the Offered Units is speculative and involves certain risks. When evaluating the Company and its business, prospective purchasers of the Offered Units should consider carefully the information set out in this Prospectus and the risks described below and in the documents incorporated by reference in this Prospectus, including those risks identified and discussed under the heading "Risk Factors" in the RTO Information Circular, the AIF and the Interim Company MD&A, all of which are incorporated by reference into this Prospectus.

The risks and uncertainties described or incorporated by reference herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company is unaware of or that are currently deemed immaterial, may also adversely affect the Company and its business.

Risks related to the Moxie Business Combination and the Spring Oaks Acquisition

Failure to realize the anticipated benefits of the Moxie Business Combination

The Moxie Business Combination remains subject to the risk that it may not be completed, or if completed, will be completed on the terms that are materially different from those disclosed in this Prospectus. The Moxie business operates in a highly competitive and regulated marketplace. There can be no assurance that management of the Company will be able to fully realize the expected benefits of the Moxie Business Combination, including from a margin, accretion and cash flow perspective. There is a risk that some or all of the expected benefits will fail to materialize or may not occur within the time periods anticipated by management of the Company. The realization of such benefits may be affected by a number of factors, many of which are beyond the control of the Company.

There are risks related to the integration of the Moxie business

The ability to realize the anticipated benefits of the Moxie Business Combination including, among other things, those set forth under the heading "The Moxie Business Combination" above, will depend in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on the ability to realize the anticipated growth and potential synergies from integrating the Moxie business within the Company's existing business. This integration will require the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect the ability of the Company to achieve the anticipated benefits of the Moxie Business Combination.

Reliance on key personnel

The success of the integration of the Moxie business into the Company is dependent on certain key management and technical personnel. The loss of these individuals could have a material adverse effect on the Company's business, revenues, operating results and financial condition post-acquisition.

Potential undisclosed liabilities associated with the Moxie Business Combination

Although the Company has conducted what it believes to be a prudent and thorough level of investigation in connection with the Moxie Business Combination, an unavoidable level of risk exists that there may be liabilities and contingencies that management did not discover in its due diligence and the Company may not be indemnified or adequately indemnified for some or all of these liabilities and contingencies. The discovery of any material liabilities or contingencies could have a material adverse effect on the Company's business, financial condition and results of operations.

No assurance of the Moxie business' future performance

Historic and current performance of the Moxie business may not be indicative of success in future periods. The future performance of the Moxie business may be influenced by, among other factors, economic downturns, technological and regulatory changes and other factors beyond the control of the Company. As a result of any one or more of these factors, the operations and financial performance of the Moxie business may be negatively affected, which may adversely affect the Company's financial results.

Historical Financial Information

The historical financial information relating to the Moxie business included in this Prospectus has been derived from third parties' historical accounting records. The Company believes that the assumptions underlying the combined and consolidated financial statements are reasonable. The combined financial statements, however, may not reflect what the Company's financial position, results of operations or cash flows will be in the future.

Limited Indemnities under the Moxie Agreement

Pursuant to the terms of the Moxie Agreement, each of D18 ANACAPA LLC, LAMS HOLDINGS, LLC, and KPM84 LLC (the "**Pro Rata Members**") have agreed to, severally and not jointly, indemnify the Company and certain of its affiliates in respect of certain matters, including, without limitation, (i) losses related to a specified commercial matter; and (ii) specified potential tax liabilities, in each case identified as potential liabilities of Moxie during the Company's due diligence of Moxie. With respect to claims relating to the specified commercial matter, the claims period is 24 months from the closing date of the Moxie Business Combination and is subject to an overall cap of US\$10,000,000. With respect to claims relating to the specified potential tax liabilities, the claims period is 7 years from the closing date of the Moxie Business Combination, with no threshold or cap. During such 7-year period, the Pro Rata Members have agreed to retain their pro rata portion of US\$30,000,000 of any combination of cash, Common Shares or Exchangeable LP Units. In the event the Moxie Business Combination is consummated, and the Company incurs material losses or liabilities relating to Moxie, including losses or liabilities for which the Pro Rata Members have agreed to indemnify the Company, there can be no assurance that the Company will be able to enforce these indemnities and/or recover some or all of the value of such losses.

Certain Common Shares issued in connection with the Moxie Business Combination not subject to a lock up period

Following the closing of the Moxie Business Combination, the former members of Moxie, the shareholders of MX Y C and MX Y D and the holders of the Pure Entities will hold between 11.9% and 26.4% of the fully-diluted equity of GGB (using the treasury method and assuming no other issuances of GGB securities, other than pursuant to this Offering (excluding the securities issuable pursuant to the exercise of the Over-Allotment Option)). While the majority of such Common Shares to be issued on closing of the Moxie Business Combination will be subject to lock-up agreements for a period of up to twelve (12) months from the closing of the Moxie Business Combination, with 1/12th of such locked-up Common Shares to be released each month during the lock-up period, the remaining Common Shares issued to such holders will not be subject to any lock up restrictions. As a result, any sales of substantial numbers of the Common Shares in the public market or the perception that such sales might occur may cause the market price of the Common Shares to decline.

Information about the Moxie business and liability to investors for Prospectus misrepresentations

All information relating to the Moxie business in this Prospectus has been obtained from Moxie. Although the Company has conducted what it believes to be a prudent and thorough level of investigation in connection with the Moxie Business Combination, an unavoidable level of risk remains regarding the accuracy and completeness of such information. Pursuant to the terms of the Moxie Agreement, Moxie has agreed to indemnify the Company from and against all claims to which it may be subject or may suffer, in any way caused by, or arising, directly or indirectly from or in consequence of any misrepresentation or alleged misrepresentation in any information included in this Prospectus regarding Moxie and its affiliates furnished to the Company in writing by Moxie for the inclusion in this Prospectus. While the Company has no reason to believe such information is misleading, untrue or incomplete, there is no certainty of accuracy or completeness of such information or of the failure by Moxie to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to the Company.

Spring Oaks Acquisition related risks

The ability to realize the anticipated benefits of the Spring Oaks Acquisition will depend in part on management successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner.

Risks Specifically Related to the Cannabis Industry*Cannabis is Illegal under Federal United States Law*

Investors are cautioned that in the United States, cannabis is largely regulated at the State level. To the Company's knowledge, some form of cannabis has been legalized in 33 States, the District of Columbia, and the territories of Guam and Puerto Rico as of February 2019. Additional States have pending legislation regarding the same. Although each State in which the Company operates (and is currently proposing to operate) authorizes, as applicable, medical and/or adult-use cannabis production and distribution by licensed or registered entities, and numerous other States have legalized cannabis in some form, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal, and any such acts are criminal acts under federal law under any and all circumstances under the CSA. The concepts of "medical cannabis", "retail cannabis" and "adult-use cannabis" do not exist under U.S. federal law. Marijuana is a Schedule I drug under the CSA. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. Although the Company believes that its business activities are compliant with applicable state and local laws of the United States, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under United States federal law, nor may it provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may result in a material adverse effect on the Company. Even where the Company's cannabis-related activities are compliant with applicable State and local law, such activities remain illegal under United States federal law. The enforcement of relevant laws is a significant risk. United States CBP enforces the laws of the United States. Crossing the border while in violation of the CSA and other related United States federal laws may result in denied admission, seizures, fines and apprehension. CBP officers administer the United States Immigration and Nationality Act to determine the admissibility of travelers, who are non-U.S. citizens, into the United States. An investment in the Company, if it became known to CBP, could have an impact on a shareholder's admissibility into the United States and could lead to a lifetime ban on admission. See "*Risk Factors - United States Border Entry*".

Medical cannabis has been protected against enforcement by enacted legislation from the United States Congress in the form of the Rohrabacher-Farr Amendment, which prevents federal prosecutors from using federal funds to impede the implementation of medical cannabis laws enacted at the state level, subject to the United States Congress restoring such funding. This amendment has historically been passed as an amendment to omnibus appropriations bills, which by their nature expire at the end of a fiscal year or other defined term. Subsequent to the issuance of the Sessions Memo, the United States Congress passed its omnibus appropriations bill, SJ 1662, which for the fourth consecutive year contained the Rohrabacher-Farr Amendment language (referred to in 2018 as the Leahy Amendment) and continued the protections for the medical cannabis marketplace and its lawful participants from interference by the Department

of Justice. The Rohrbacher-Farr Amendment again was included in the Consolidated Appropriations Act of 2019, which was signed by President Trump on February 14, 2019 and funds the departments of the federal government through the fiscal year ending September 30, 2019. Notably, such Amendments have always applied only to medical cannabis programs, and have no effect on pursuit of adult-use cannabis activities.

Violations of any United States federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the United States federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its holding (directly or indirectly) of medical and adult-use cannabis licenses in the United States, its financial position, operating results, profitability or liquidity or the market price of its publicly-traded shares. In addition, it will be 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.

United States Regulatory Uncertainty

The activities of the Company are subject to regulation by governmental authorities. The Company's business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products in each jurisdiction in which it operates. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company. Furthermore, although the operations of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company's ability to import, distribute or, in the future, produce marijuana. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of marijuana, or more stringent implementation thereof could have a substantial adverse impact on the Company.

As a result of the conflicting views between State legislatures and the federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. The response to this inconsistency was addressed in the Cole Memo addressed to all United States district attorneys acknowledging that notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several states have enacted laws relating to cannabis for medical purposes. The Cole Memo outlined certain priorities for the United States Department of Justice relating to the prosecution of cannabis offenses. In particular, the Cole Memo noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the United States Department of Justice has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memo standard. In light of limited investigative and prosecutorial resources, the Cole Memo concluded that the United States Department of Justice should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority.

In March 2017, then Attorney General Sessions again noted limited federal resources and acknowledged that much of the Cole Memo had merit; however, he had previously stated that he did not believe it had been implemented effectively and, on January 4, 2018, former Attorney General Sessions issued the Sessions Memorandum, which rescinded the Cole Memo. The Sessions Memorandum rescinded previous nationwide guidance specific to the prosecutorial authority of United States Attorneys relative to cannabis enforcement on the basis that they are unnecessary, given the well-established principles governing federal prosecution that are already in place. Those principles are included in chapter 9.27.000 of the United States Attorneys Manual and require federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community. As a result of the Sessions Memorandum, federal prosecutors are now

free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of State-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and resultantly it is uncertain how active U.S. federal prosecutors will be in relation to such activities. As discussed above, should the Rohrabacher-Leahy Amendment not be renewed, there can be no assurance that the United States federal government will not seek to prosecute cases involving medical cannabis businesses that are otherwise compliant with state laws. Furthermore, the Sessions Memorandum did not discuss the treatment of medical cannabis by federal prosecutors. While dozens of United States attorneys from across the country have affirmed that their view of federal enforcement priorities has not changed, there can be no assurances that such views are universally held or will continue in the near future. In California, at least one United States Attorney has made comments indicating a desire to enforce the CSA, stating that the Sessions Memorandum and the rescission of the Cole Memo “returns trust and local control to federal prosecutors” to enforce the CSA. These and other so called “enforcement hawks” in California or elsewhere may choose to enforce the CSA in accordance with federal policies prior to the issuance of the Cole Memo. As such, there can be no assurance that the United States federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with State law. Contrastingly, Andrew Lelling, the United States Attorney for the District of Massachusetts, issued a statement explaining that while marijuana is illegal under federal law, his “office’s resources [...] are primarily focused on the opioid epidemic.” In this statement, United States Attorney Lelling also clarified that his marijuana enforcement efforts will be focused on overproduction, targeted sales to minors, and organized crime and interstate transportation of drug proceeds. On November 7, 2018, Mr. Sessions tendered his resignation as Attorney General at the request of President Donald Trump. Attorney General Sessions was replaced by William Barr on February 14, 2019. In a written response to questions from U.S. Senator Cory Booker made as a nominee, Attorney General Barr stated “I do not intend to go after parties who have complied with state law in reliance on the Cole Memorandum.” Attorney General Barr served in the same position under former President George H.W. Bush and promoted an anti-drug stance during his tenure. However, during his Senate confirmation hearing, Mr. Barr testified (similar to his written responses) that although he disagrees with efforts by states to legalize marijuana, he “won’t go after” marijuana companies in states that have authorized regulated adult-use. He stated further that he would not upset settled expectations that have arisen as a result of the Cole Memo, notwithstanding his predecessor’s rescission of the Cole Memo. Notwithstanding this testimony, there is no guarantee that Attorney General Barr plans to or will forbid federal prosecution of state-licensed marijuana companies. It is important to note that in the United States, individual United States attorneys operate within state- or district-level jurisdictions and enjoy a substantial degree of autonomy in determining which criminal actions to pursue. While dozens of United States attorneys from across the country have affirmed that their view of federal enforcement priorities has not changed, there can be no assurances that such views are universally held or will continue in the near future. As such, there can be no assurance that the United States federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with State law. Any potential federal prosecution of state-licensed marijuana companies could involve significant restrictions being imposed upon the Company, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Company, as well as the Company’s reputation, even if such proceedings were concluded successfully in favour of the Company. In the extreme case, such proceedings could ultimately involve the prosecution of key executives of the Company or the seizure of corporate assets; however as of the date hereof, the Company believes that proceedings of this nature are remote. In sum, there is no certainty as to how the Department of Justice, Federal Bureau of Investigation and other government agencies will handle cannabis matters in the future. There can be no assurances that the Trump administration would not change the current enforcement policy and decide to strongly enforce the federal laws. The Company regularly monitors the activities of the current administration in this regard.

Money Laundering Laws and Access to Banking

The Company is subject to a variety of laws and regulations in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States.

In February 2014, the FinCen issued the FinCEN Memo providing instructions to banks seeking to provide services to cannabis-related businesses. The FinCEN Memo states that in some circumstances, it is permissible for banks to provide

services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance that Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the CSA. It is unclear at this time whether the current administration will follow the guidelines of the FinCEN Memo.

In the event that any of the Company's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends or effect other distributions.

United States Border Entry

Because cannabis remains illegal under United States federal law, those investing in Canadian companies with operations in the United States cannabis industry could face detention, denial of entry or lifetime bans from the United States for their business associations with United States cannabis businesses. Entry happens at the sole discretion of CBP officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a non-US citizen or foreign national. The government of Canada has started warning travelers on its website that previous use of cannabis, or any substance prohibited by United States federal laws, could mean denial of entry to the United States. Business or financial involvement in the cannabis industry in the United States could also be reason enough for United States border guards to deny entry. On September 21, 2018, CBP released a statement outlining its current position with respect to enforcement of the laws of the United States. It stated that Canada's legalization of cannabis will not change CBP enforcement of United States laws regarding controlled substances and because cannabis continues to be a controlled substance under United States law, working in or facilitating the proliferation of the legal marijuana industry in U.S. states where it is deemed legal may affect admissibility to the United States. On October 9, 2018, CBP released an additional statement regarding the admissibility of Canadian citizens working in the legal cannabis industry. CBP stated that a Canadian citizen working in or facilitating the proliferation of the legal cannabis industry in Canada coming into the United States for reasons unrelated to the cannabis industry will generally be admissible to the United States; however, if such person is found to be coming into the United States for reasons related to the cannabis industry, such person may be deemed inadmissible. As a result, CBP has affirmed that, employees, directors, officers, managers and investors of companies involved in business activities related to cannabis in the United States (such as the Company), who are not United States citizens face the risk of being barred from entry into the United States for life.

Heightened Scrutiny of Cannabis Companies in Canada and the United States

The Company's existing operations in the United States, and any future operations, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in the United States and Canada. Given the heightened risk profile associated with cannabis in the United States, CDS Clearing and Depository Services Inc. ("**CDS**") may implement procedures or protocols that would prohibit or significantly impair the ability of CDS to settle trades for companies that have cannabis businesses or assets in the United States.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("TMX MOU") with Aequis NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The TMX MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the United States. The TMX MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States. However, there can be no assurances given 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 to settle trades. In particular, Shares in the Company would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the shares through the facilities of a stock exchange.

Settlement by Securityholders Resident in the United States

Given the heightened risk profile associated with cannabis in the United States, capital markets participants may be unwilling to assist with the settlement of trades for U.S. resident securityholders of companies with operations in the United States cannabis industry which may prohibit or significantly impair the ability of securityholders in the United States to trade the securities or any shares. In the event residents of the United States are unable to settle trades of the securities or any shares, this may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices and the liquidity of these securities.

The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure, growth, regulatory compliance and operations

The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Company's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, 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 the Company. The Company's efforts to grow its business may be more costly than expected, and the Company may not be able to increase its revenue enough to offset its higher operating expenses. The Company may incur significant losses in the future for a number of reasons, including unforeseen expenses, difficulties, complications and delays, and other unknown events. If the Company is unable to achieve and sustain profitability, the market price of the securities of the Company may significantly decrease.

Availability of Favorable Locations

In Massachusetts and other states, the local municipality has authority to choose where any cannabis establishment will be located. These authorized areas are frequently removed from other retail operations. Because the cannabis industry remains illegal under United States federal law, the disadvantaged tax status of businesses deriving their income from cannabis, and the reluctance of the banking industry to support cannabis businesses, it may be difficult for the Company to locate and obtain the rights to operate at various preferred locations. Property owners may violate their mortgages by leasing to the Company, and those property owners that are willing to allow use of their facilities may require payment of above fair market value rents to reflect the scarcity of such locations and the risks and costs of providing such facilities.

Restrictions on Deduction of Certain Expenses

Section 280E of the Internal Revenue Code generally prohibits businesses from deducting or claiming tax credits with respect to expenses paid or incurred in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of Schedule I and II of the CSA) which is prohibited by U.S. federal law or the law of any state in which such trade or business is conducted. Section 280E currently applies to businesses operating in the cannabis industry, irrespective of whether such businesses that are licensed and operating in accordance with applicable state laws. The application of Internal Revenue Code Section 280E generally causes such businesses to pay higher effective U.S. federal tax rates than similar businesses in other industries. The impact of Internal Revenue Code Section 280E on the effective tax rate of a cannabis business generally depends on how large the ratio of non-deductible expenses is to the business's total revenues. GGB expects to be subject to Internal Revenue Code Section 280E. The application of Internal Revenue Code Section 280E to GGB may adversely affect GGB's profitability and, in fact, may cause GGB to operate at a loss. While recent legislative proposals, if enacted into law, could eliminate or diminish the application of Internal Revenue Code Section 280E to cannabis businesses, the enactment of any such law is uncertain. Accordingly, Internal Revenue Code Section 280E may apply to GGB indefinitely.

Lack of Access to United States Bankruptcy Protections

Because cannabis is a Schedule I substance under the CSA, many courts have denied cannabis businesses federal bankruptcy protections, making it difficult for lenders to be made whole on their investments in the cannabis industry in the event of a bankruptcy. If the Company were to experience a bankruptcy, there is no guarantee that United States federal bankruptcy protections would be available to the Company, which would have a material adverse effect.

Inability to Enforce 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 in the United States, judges in multiple states have on a number of occasions refused to enforce contracts for the repayment of money when the loan was used in connection with activities that violate United States federal law, even if there is no violation of state law. There remains doubt and uncertainty that the Company will be able to legally enforce contracts it enters into if necessary. The Company cannot be assured that it will have a remedy for breach of contract, which would have a material adverse effect on the Company.

Competition

The Company may face increasing and 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 the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

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

The Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition. The cannabis industry is undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. Acquisitions or other consolidating transactions could harm the Company in a number of ways, including losing customers, revenue and market share, or forcing the Company to expend greater resources to meet new or additional competitive threats, all of which could harm the Company's operating results. As competitors enter the market and become increasingly sophisticated, competition in the Company's industry may intensify and place downward pressure on retail prices for its products and services, which could negatively impact its profitability.

Limitations on Ownership of Licenses

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. For example, in Massachusetts, no person may have an ownership interest, or control over, more than three medical licenses or three adult-use licenses in any category – for example, cultivation, product manufacturing, transport or retail. Such limitations on the acquisition of ownership of additional licenses within certain states may limit the Company's ability to grow organically or to increase its market share in such states.

The Cannabis Industry is Difficult to Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis industry. 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 the Company. Reliable data on the medical and adult-

use cannabis industry is not available. 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. United States federal and state laws prevent widespread participation and hinder market research. Therefore, market research and projections by the Company 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 the Company's management team as of the date of this Prospectus.

Agricultural Risks

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

Service Providers

As a result of any adverse change to the approach in enforcement of United States cannabis laws, adverse regulatory or political change, additional scrutiny by regulatory authorities, adverse change in public perception in respect of the consumption of marijuana or otherwise, third party service providers to the Company could suspend or withdraw their services, which may have a material adverse effect on the Company's business, revenues, operating results, financial condition or prospects.

Re-Classification of Cannabis or Changes in United States Controlled Substance Laws and Regulations

If cannabis is re-categorized as a Schedule II or lower controlled substance, the ability to conduct research on the medical benefits of cannabis would most likely be more accessible; however, if cannabis is re-categorized as a Schedule II or other controlled substance, the resulting re-classification would result in the need for approval by the FDA if medical claims are made for the Company's products, such as medical cannabis. As a result, the manufacture, importation, exportation, domestic distribution, storage, sale and use of such products may be subject to a significant degree of regulation by the DEA. In that case, the Company may be required to be registered (licensed) to perform these activities and have the security, control, recordkeeping, reporting and inventory mechanisms required by the DEA to prevent drug loss and diversion. Obtaining the necessary registrations may result in delay of the manufacturing or distribution of the Company's products. The DEA conducts periodic inspections of certain registered establishments that handle controlled substances. Failure to maintain compliance could have a material adverse effect on the Company's business, financial condition and results of operations. The DEA may seek civil penalties, refuse to renew necessary registrations, or initiate proceedings to restrict, suspend or revoke those registrations. In certain circumstances, violations could lead to criminal proceedings.

Potential FDA Regulation

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

U.S. regulations relating to hemp-derived CBD products are unclear and rapidly evolving

The Company is a business also involved in the production, distribution or sale of hemp-derived CBD products. Participation in the market for hemp-derived CBD products in the United States and elsewhere may require the Company to employ novel approaches to existing regulatory pathways. Although the passage of the Farm Bill in December 2018 legalized the cultivation of hemp in the United States to produce products containing CBD and other non-THC cannabinoids, it is unclear how the FDA will respond to the approach taken by a target business that the

Company acquires, or whether the FDA will propose or implement new or additional regulations. In addition, such products may be subject to regulation at the state or local levels. Unforeseen regulatory obstacles may hinder the Company's ability to successfully compete in the market for such products.

Possible yet unanticipated changes in federal and state law could cause any of the Company's current products, as well as products that the Company intends to launch, containing hemp-derived CBD oil to be illegal, or could otherwise prohibit, limit or restrict any of the Company's products containing CBD

The 2018 Farm Bill delegates the authority to the states to regulate and limit the production of hemp and hemp derived products within their territories. Although many states have adopted laws and regulations that allow for the production and sale of hemp and hemp derived products under certain circumstances, no assurance can be given that such state laws may not be repealed or amended such that the Company's intended products containing hemp-derived CBD would once again be deemed illegal under the laws of one or more states now permitting such products, which in turn would render such intended products illegal in those states under federal law even if the federal law is unchanged. In the event of either repeal of federal or of state laws and regulations, or of amendments thereto that are adverse to the Company's intended products, the Company may be restricted or limited with respect to those products that it may sell or distribute, which could adversely impact its intended business plan with respect to such intended products.

Additionally, the FDA has indicated its view that certain types of products containing CBD may not be permissible under the FDCA. The FDA's position is related to its approval of Epidiolex, a marijuana-derived prescription medicine to be available in the United States. The active ingredient in Epidiolex is CBD. On December 20, 2018, after the passage of the 2018 Farm Bill, FDA Commissioner Scott Gottlieb issued a statement in which he reiterated the FDA's position that, among other things, the FDA requires a cannabis product (hemp-derived or otherwise) that is marketed with a claim of therapeutic benefit, or with any other disease claim, to be approved by the FDA for its intended use before it may be introduced into interstate commerce and that the FDCA prohibits introducing into interstate commerce food products containing added CBD, and marketing products containing CBD as a dietary supplement, regardless of whether the substances are hemp-derived. Although the Company believes its existing and planned CBD product offerings comply with applicable federal and state laws and regulations, legal proceedings alleging violations of such laws could have a material adverse effect on its business, financial condition and results of operations.

The FDA limits the Company's ability to discuss the medical benefits of CBD

Under FDA rules it is illegal for companies to make "health claims" or claim that a product has a specific medical benefit, without first getting FDA approval for such claim. The FDA has not recognized any medical benefits derived from CBD, which means that the Company is not legally permitted to advertise any health claims related to CBD. Because of the perception among many consumers that CBD is a health/medicinal product, the Company's inability to make health claims about the CBD in its product may limit its ability to market and sell the product to consumers, which would negatively impact the Company's revenues and profits.

Certain states of the United States may limit or prohibit the sale and consumption of CBD and CBD products, notwithstanding the removal of CBD from hemp from the federal schedule of illegal drugs

It is not clear what impact the removal of CBD from hemp from the federal schedule of illegal drugs on the laws of states which independently prohibit CBD from any source, including hemp. Approximately eleven states of the United States either limit or prohibit the sale and consumption of CBD and CBD products. The Company believes that it cannot legally sell its products containing CBD ingredients in those states, until the laws of those states are changed to legalize CBD from hemp, and the Company is deprived of sales revenues from distributors and consumers in those states. Without access to consumers in those states, the Company expect its sales to be less than it might otherwise experience if it were able to legally sell its CBD products in all fifty states of the United States.

Sources of hemp-derived CBD depend upon legality of cultivation, processing, marketing and sales of products derived from those plants under state law

Hemp-derived CBD can only be legally produced in states that have laws and regulations that allow for such production and that comply with the 2018 Farm Bill, apart from state laws legalizing and regulating medical and adult-use cannabis or marijuana, which remains illegal under federal law and regulations. The Company purchases all of our hemp-

derived CBD from licensed growers and processors in states where such production is legal. In the event of repeal or amendment of laws and regulations which are now favorable to the cannabis/hemp industry in such states, the Company would be required to locate new suppliers in states with laws and regulations that qualify under the 2018 Farm Bill. If the Company were to be unsuccessful in arranging new sources of supply of its raw ingredients, or if its raw ingredients were to become legally unavailable, the Company's intended business plan with respect to such products could be adversely impacted.

Because the Company's distributors may only sell and ship its products containing hemp-derived CBD in states that have adopted laws and regulations qualifying under the 2018 Farm Bill, a reduction in the number of states having such qualifying laws and regulations could limit, restrict or otherwise preclude the sale of intended products containing hemp-derived CBD

The interstate shipment of hemp-derived CBD from one state to another is legal only where both states have laws and regulations that allow for the production and sale of such products and that qualify under the 2018 Farm Bill. Therefore, the marketing and sale of the Company's intended products containing hemp-derived CBD is limited by such factors and is restricted to such states. Although the Company believes it may lawfully sell any of its finished products, including those containing CBD, in a majority of states, a repeal or adverse amendment of laws and regulations that are now favorable to the distribution, marketing and sale of finished products it intends to sell could significantly limit, restrict or prevent the Company from generating revenue related to its products that contain hemp-derived CBD. Any such repeal or adverse amendment of now favorable laws and regulations could have an adverse impact on the Company's business plan with respect to such products.

Due to recent expansion into the CBD industry, the Company may have a difficult time obtaining the various insurances that are desired to operate its business, which may expose the Company to additional risk and financial liability.

Insurance that is otherwise readily available, such as general liability, and directors and officers' insurance, may become more difficult for the Company to find, and more expensive, due to its recent launch of certain products containing hemp-derived CBD. There are no guarantees that the Company will be able to find such insurances in the future, or that the cost will be affordable to it. If the Company is forced to go without such insurances, it may prevent the Company from entering into certain business sectors, may inhibit its growth, and may expose the Company to additional risk and financial liabilities.

Risks Related to the Offered Units and GGB's Business

Discretion in the Use of Proceeds

Management will have discretion concerning the use of the proceeds of the Offering as well as the timing of their expenditure. As a result, an investor will be relying on the judgment of management for the application of the proceeds of the Offering. Management may use the net proceeds of the Offering other than as described under the heading "Use of Proceeds" if they believe it would be in the Company's best interest to do so and in ways that an investor may not consider desirable. The results and the effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Company's results of operations may suffer.

No Market for Warrants

There is currently no market through which the Warrants may be sold; however, the Company has applied to list the Warrants on the Exchange. Accordingly, the purchasers may not be able to resell the securities purchased under this Prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation.

Negative Cash Flow from Operations

During the three and nine months ended March 31, 2019, the Company sustained net losses from operations and had negative cash flow from operating activities. The Company's cash and cash equivalents as at March 31, 2019 was approximately \$5,466,451. The Company's cash and cash equivalents as at June 30, 2019 was approximately

US\$10,000,000. Although the Company anticipates it will have positive cash flow from operating activities in future periods, to the extent that the Company has negative cash flow in any future period, certain of the proceeds from the Offering may be used to fund such negative cash flow from operating activities.

Conversions and Potential Future Sales of Common Shares Could Adversely Affect Prevailing Market Prices for the Common Shares

Subject to the restrictions set forth in the articles of GGB, Common Shares may at any time, at the option of the holder, be converted into Proportionate Voting Shares on the basis of 500 Common Shares for one Proportionate Voting Share. Each issued and outstanding Proportionate Voting Share may at any time, at the option of the holder, be converted into 500 Common Shares.

Further, GGB cannot predict the size of future issuances of Common Shares or the effect, if any, that future issuances and sales of Common Shares will have on the market price of the Common Shares. Sales of substantial amounts of Common Shares, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares.

Securing Additional Financing

There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company may require additional financing. There are no assurances that the Proposed Debt Financing will be completed, or if completed, will be on the terms that are exactly the same as disclosed in this Prospectus. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company. See “*Issuers with U.S. Cannabis Related Business — Ability to Access Public and Private Capital*”. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may increase the Company’s debt levels above industry standards. 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 the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may also contain provisions which, if breached, may entitle lenders or their agents to accelerate repayment of loans and/or realize upon security over the assets of the Company, and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing. The Company will require additional financing to fund its operations until positive cash flow is achieved. See “*Risk Factors — Negative Cash Flow from Operations*”.

The Backstop Parties may not fulfill their respective Commitments on the terms currently contemplated, or at all.

While the Backstop Commitment represents a binding commitment of each of the Backstop Parties there can be no guarantee that each of the Backstop Parties will fulfil their respective Commitments on the terms currently contemplated or at all. The Backstop Commitment is also subject to the satisfaction of various conditions and if completed, the issuance of the Backstop Convertible Debentures may have terms, including, but not limited to, the conversion price per Proportionate Voting Share or Common Shares (as the case may be) that are different than the terms currently expected and described in this Prospectus.

Any significant failure or deterioration of GGB’s quality control systems could have a material adverse effect on GGB’s business and operating results.

The quality and safety of GGB’s products are critical to the success of its business and operations. As such, it is imperative that GGB’s quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality training program, and adherence by employees to quality control guidelines. Although GGB strives to ensure that it and any of its service providers have implemented and adhere to high caliber quality control systems, any significant failure or deterioration of such quality control systems could have a material adverse effect on GGB’s business and operating results.

New Tax Legislation

There have been several recent legislative, judicial and administrative changes to the U.S. federal income tax laws, including changes pursuant to the enactment of P.L. 115-97, which is informally titled the “Tax Cuts and Jobs Act,” in December 2017. In many respects, the individual and collective impact of these changes in law on the U.S. federal income taxation of corporations and their shareholders is uncertain and may not become evident for some time. Moreover, additional changes to U.S. federal income tax laws are likely to continue in the future, and any such changes could adversely impact GGB or its shareholders.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about GGB or its business, the Common Share trading price and volume could decline

The trading market for Common Shares will depend in part on the research and reports that securities or industry analysts publish about GGB or its business. If no securities or industry analysts commence covering GGB, the trading price for Common Shares would be negatively impacted. If GGB obtains securities or industry analyst coverage and if one or more of the analysts who cover GGB downgrade Common Shares or publish inaccurate or unfavorable research about GGB’s business, GGB’s trading price may decline. If one or more of these analysts cease coverage of GGB or fail to publish reports on GGB regularly, demand for Common Shares could decrease, which could cause the Common Share trading price and volume to decline.

The Company is, and may be, subject to various litigation claims that could result in significant expenditures and impact the Company’s operations

As a growing company, GGB increasingly faces the risk of litigation and other claims against it. By the nature of the Company’s operations, it is exposed to the potential for a variety of litigation. These claims can raise complex factual and legal issues that are subject to risks and uncertainties and could require significant management time. In particular, the Company’s subsidiary, NOR, is currently intervening in several cases pending in the Eighth Judicial District, Clark County, Nevada. These claims, brought by Serenity Wellness Center LLC and others, challenge the method by which the Department of Taxation in Nevada awarded retail cannabis licenses on December 5, 2018 (the “**Complaint**”). The Complaint seeks relief for, among other things, alleged violations of state- and federal-level due process rights, violations of equal protection rights, and further requests that a writ of mandamus be issued compelling the Department of Taxation to conduct a new review of the plaintiffs’ adult-use dispensary applications on their merits and/or approve them. NOR has also been named as a defendant in another case in the Eighth Judicial District, Clark County, Nevada, which asserts a similar challenge. As of the filing of this Prospectus, a preliminary injunction hearing remains ongoing on the matter. Although the Company has taken the requisite steps to protect its interests in these matters, to include the intervention and active participation in the lawsuit, there can be no assurance of a positive outcome or what relief, if any, the Court may provide in the event of an adverse outcome. The litigation, even in the event of a positive final outcome, may cause delay in the opening of proposed adult-use dispensary locations. While such matters remain ongoing, and have not yet been resolved, the Company’s inability to defend itself against a significant litigation claim, could have a material adverse effect on its financial results. Moreover, any litigation involving the Company, even if it is not held liable, could negatively affect its reputation among customers and the public, thereby making it more difficult for the Company to compete effectively, and could have a material adverse effect on the Company’s financial results. Although the Company maintains liability insurance to mitigate potential claims, it cannot be certain that its coverage will be adequate for liabilities actually incurred or that insurance will continue to be available on economically reasonable terms or at all.

Moratoriums in the State of Nevada could have adverse effect upon the Company’s operations

Moratoriums on additional adult-use dispensaries remain in place in the State of Nevada for Unincorporated Clark County, North Las Vegas, Henderson, and Carson City. Such moratoriums could negatively affect the Company’s ability to open its proposed adult-use dispensary locations on or before the state-implemented deadline of December 5, 2019. The Company is engaged at the local and state level to protect its interests, however, there can be no assurance that the Company will be successful in its lobbying efforts related to these moratoriums, or that the subject localities (or the State of Nevada) will provide relief from the pending December 5, 2019 deadline for dispensaries to be operative.

The moratoriums or lack of such relief to be provided by the subject localities (or the State of Nevada) could have a material adverse effect on the Company's operations.

Use of Customer Information and Other Personal and Confidential Information

GGB collects, process, maintains and uses data, including sensitive information on individuals, available to GGB through online activities and other customer interactions with its business. GGB's current and future programs may depend on its ability to collect, maintain and use this information, and its ability to do so is subject to evolving international, U.S. and Canadian laws and enforcement trends. GGB strives to comply with all applicable laws and other legal obligations relating to privacy, data protection and customer protection. It is possible, however, that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another, conflict with other rules, conflict with GGB's practices or fail to be observed by its employees or business partners. If so, GGB may suffer damage to its reputation and be subject to proceedings or actions against it by governmental entities or others. Any such proceeding or action could hurt GGB's reputation, force it to spend significant amounts to defend its practices, distract its management or otherwise have an adverse effect on its business.

The Market Price of the Common Shares may be Highly Volatile

Market prices for cannabis companies have at times been volatile and subject to substantial fluctuations. The stock market, from time-to-time, experiences significant price and volume fluctuations unrelated to the operating performance of particular companies. Future announcements concerning GGB or its competitors, including those pertaining to financing arrangements, government regulations, developments concerning regulatory actions affecting GGB, litigation, additions or departures of key personnel, cash flow, and economic conditions and political factors in the United States may have a significant impact on the market price of the Common Shares. In addition, there can be no assurance that the Common Shares will continue to be listed on the CSE.

The market price of the Common Shares could fluctuate significantly for many other reasons, including for reasons unrelated to GGB's specific performance, such as reports by industry analysts, investor perceptions, or negative announcements by its subscribers, competitors or suppliers regarding their own performance, as well as general economic and industry conditions. For example, to the extent that other large companies within its industry experience declines in their stock price, the share price of the Common Shares may decline as well. In addition, when the market price of a company's shares drops significantly, shareholders often institute securities class action lawsuits against the company. A lawsuit against GGB could cause it to incur substantial costs and could divert the time and attention of its management and other resources.

Sales of a Substantial Number of the Common Shares may Cause the Price of the Common Shares to Decline

Any sales of substantial numbers of the Common Shares in the public market or the exercise of significant amounts of the Common Share warrants or the perception that such sales or exercise might occur may cause the market price of the Common Shares to decline. The market price of the Common Shares could be adversely affected upon the expiration of lock up periods applicable to certain GGB shareholders.

Further Equity Financing May Dilute the Interests of GGB Shareholders and Depress the Price of the Common Shares

If GGB raises additional financing through the issuance of equity securities (including securities convertible or exchangeable into equity securities) or completes an acquisition or merger by issuing additional equity securities, such issuance may substantially dilute the interests of shareholders of GGB and reduce the value of their investment. The articles of GGB permit the issuance of an unlimited number of Common Shares, and GGB shareholders will have no pre-emptive rights in connection with a future issuance. The Board has the discretion to determine the price and the terms of issue of future issuances. Moreover, additional Common Shares may be issued by GGB on the exercise of awards under any of GGB's equity incentive plans and upon the exercise of outstanding Common Share warrants. The market price of the Common Shares could decline as a result of issuances of new shares or sales by shareholders of Common Shares in the market or the perception that such sales could occur. Sales by shareholders of GGB might also make it more difficult for GGB itself to sell equity securities at a time and price that it deems appropriate.

GGB may lose Foreign Private Issuer Status in the Future, which could Result in Significant Additional Costs and Expenses

The Proportionate Voting Shares are being issued to meet the definition of “foreign private issuer,” as such term is defined in Rule 405 of Regulation C under the U.S. Securities Act. GGB will be a “foreign private issuer,” and will not be subject to the same requirements that are imposed upon U.S. domestic issuers by the Securities and Exchange Commission (“SEC”). GGB may in the future lose its foreign private issuer status if a majority of its Common Shares are held in the U.S. and it fails to meet the additional requirements necessary to avoid loss of foreign private issuer status, such as if: (1) a majority of its directors or executive officers are U.S. citizens or residents; (2) a majority of its assets are located in the U.S.; or (3) its business is administered principally in the U.S.

If GGB loses its foreign private issuer status and decides, or is required, to register as a U.S. domestic issuer, the regulatory and compliance costs will be significantly more than the costs incurred as a Canadian foreign private issuer. In such event, GGB would not be eligible to use foreign issuer forms and would be required to file periodic and current reports and registration statements on U.S. domestic issuer forms with the SEC, which are generally more detailed and extensive than the forms available to a foreign private issuer.

Certain Remedies may be Limited

GGB’s governing documents may provide that the liability of its members of the Board and its officers is limited to the fullest extent permitted under the laws of the Province of Ontario. Thus, GGB and its shareholders may be prevented from recovering damages for certain alleged errors or omissions made by the members of the Board and its officers. GGB’s governing documents may also provide that GGB will, to the fullest extent permitted by law, indemnify members of its Board and its officers for certain liabilities incurred by them by virtue of their acts on behalf of GGB.

Past Performance Not Indicative of Future Results

The prior operational performance of GGB is not indicative of any potential future operating results of GGB. There can be no assurance that the historical operating results achieved by GGB or its affiliates will be achieved by GGB, and GGB’s performance may be materially different.

Financial Projections May Prove Materially Inaccurate or Incorrect

Any of GGB’s financial estimates, projections and other forward-looking information or statements included herein were prepared by GGB without the benefit of reliable historical industry information or other information customarily used in preparing such estimates, projections and other forward-looking information or statements. Such forward-looking information or statements are based on assumptions of future events that may or may not occur, which assumptions may not be disclosed herein. Investors should inquire of GGB and become familiar with the assumptions underlying any estimates, projections or other forward-looking information or statements. Projections are inherently subject to varying degrees of uncertainty and their achievability depends on the timing and probability of a complex series of future events. There is no assurance that the assumptions upon which these projections are based will be realized. Actual results may differ materially from projected results for a number of reasons including increases in operation expenses, changes or shifts in regulatory rules, undiscovered and unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, investors should not rely on any projections to indicate the actual results GGB might achieve.

MATERIAL CONTRACTS

The following are the only material contracts of the Company or its subsidiaries, other than contracts entered into in the ordinary course of business: (i) the Moxie Agreement; (ii) the Underwriting Agreement; (iii) the Warrant Indenture; and (iv) the licenses set forth under “Regulatory Overview”. Material leases of the Company and its subsidiaries include leases pertaining to (i) the Company’s corporate head office located at 4300 East Fifth Ave., Columbus, Ohio 43219; (ii) the operation of the The+Source dispensary location at 2550 S Rainbow Blvd, Las Vegas, Nevada 89146; (iii) NOR’s corporate head office located at 2015 E Windmill Lane, Las Vegas, Nevada 89123; (iv) a production and cultivation site located at 3705 E Post Rd., Las Vegas, Nevada 89120-7201; (v) a proposed temporary dispensary located at 5270 Longley Lane, Suite 103, Reno, Nevada 89511; (vi) a proposed permanent dispensary located at 5210 Longley Lane,

Reno, Nevada 89511; (vii) a proposed dispensary located at 2370 S. Homestead Rd., Pahrump, Nevada 89048; (viii) a proposed dispensary located at 1725 S. Rainbow Blvd., Suite 21, Las Vegas, Nevada 89146; (ix) a proposed dispensary located at 7085 W. Craig Rd, Las Vegas, Nevada 89129; and (x) a proposed dispensary located at 58 Pleasant St., Northampton, Massachusetts 01060.

LEGAL MATTERS AND INTEREST OF EXPERTS

MNP LLP, Chartered Professional Accountants, is the auditor of the Company and performed the audit in respect of the audited financial statements of the Company as at and for the year ended June 30, 2018.

Macias Gini & O'Connell LLP, Certified Public Accountants, performed the audit in respect of (i) the audited combined financial statements of Moxie and affiliates as at and for the year ended December 31, 2018 and (ii) the audited consolidated financial statements of NOR as at and for the year ended June 30, 2018 and 2017. Macias Gini & O'Connell LLP, Certified Public Accountants, was, at the time of its audit and report for the year ended December 31, 2018, independent of Moxie in accordance with the United States Public Company Accounting Oversight Board. Macias Gini & O'Connell LLP, Certified Public Accountants, was, at the time of its audit and report for the year ended June 30, 2018, independent of NOR in accordance with the United States Generally Accepted Accounting Principles.

There is no person or company whose profession or business gives authority to a report, valuation, statement or opinion made by such person or company and who is named as having prepared or certified a report, valuation, statement or opinion in this Prospectus other than Stikeman Elliott LLP, DLA Piper (Canada) LLP, MNP LLP and Macias Gini & O'Connell LLP.

Legal matters in connection with the Offering of Offered Units under "Canadian Federal Income Tax Considerations" and "Eligibility for Investment" as well as certain other legal matters relating to the issue and sale of the Offered Units will be passed upon on behalf of the Company by Stikeman Elliott LLP and on behalf of the Underwriter by DLA Piper (Canada) LLP. As of the date of this Prospectus, the partners and associates of: (a) Stikeman Elliott LLP, as a group, (b) DLA Piper (Canada) LLP, as a group, (c) MNP LLP, as a group and (d) Macias Gini & O'Connell LLP, as a group, each beneficially owned, directly or indirectly, less than 1% of the outstanding Common Shares.

AUDITOR, TRANSFER AGENT AND REGISTRAR

MNP LLP is the independent auditor of the Company and is independent within the meaning of the Code of Ethics of the Chartered Professional Accountants of Quebec.

The registrar and transfer agent for the Common Shares is Capital Transfer Agency, ULC at its offices at 390 Bay Street, Suite 920, Toronto, ON M5H 2Y2.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

FINANCIAL STATEMENT INDEX

Audited Combined Financial Statements of MXY Holdings LLC and Affiliates as of and for the years ended December 31, 2018 (audited) and 2017 (unaudited), together with the auditor’s report thereon and the notes thereto..... F-1

Unaudited Interim Combined Financial Statements of MXY Holdings LLC and Affiliates as of and for the quarter ended March 31, 2019 and 2018, together with the notes thereto.....F-31

Pro Forma Consolidated Financial statements of the Company as of and for the quarter ended March 31, 2019..... F-58

MXV HOLDINGS LLC AND AFFILIATES

Combined Financial Statements

As of and for the Years Ended
December 31, 2018 (audited)
and December 31, 2017 (unaudited)



Certified
Public
Accountants

MXY HOLDINGS LLC AND AFFILIATES
Combined Financial Statements
Year Ended December 31, 2018 and 2019

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Independent Auditor's Report

Members' and Board of Directors
MXY Holdings, LLC and Affiliates.
Long Beach, California

Opinion on the Combined Financial Statements

We have audited the accompanying combined balance sheet of MXY Holdings, LLC and Affiliates (the "Company") as of December 31, 2018, the related combined statements of operations, changes in members' equity, and cash flows for the year then ended and the related notes (collectively referred to as the "combined financial statements"). In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018, and the results of their operations and their cash flows for each of the year ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1 and 2, the Company has completed a roll up of the Affiliates subsequent to December 31, 2018 but prior to issuance, resulting in the financial statements as of December 31, 2018 being reported on a combined basis of the related entities. See Notes 1 and 2 for further discussion on basis of accounting.

Change in Accounting Principles

As discussed in Note 2 to the combined financial statements, the Company has changed its accounting method for recognizing revenue from contracts with customers in fiscal year 2018 due to the adoption of Topic 606, Revenue from Contracts with Customers.

As discussed in Note 2 to the combined financial statements, the Company has changed its accounting method for leases in fiscal year 2018 due to the adoption of Topic 842, Leases.

Basis for Opinion

These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's combined financial statements based on our audit. We are a public accounting firm registered with the 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 audit 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 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 audit 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 opinion.

Our audit included performing procedures to assess the risks of material misstatement of the 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 financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

A handwritten signature in black ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, flowing style.

Macias Gini & O'Connell
We have served as the Company's auditor since 2019
Newport Beach, CA
July 16, 2019

MXY HOLDINGS AND AFFILIATES LLC
Combined Balance Sheets
As of December 31, 2018 (audited) and 2017 (unaudited)

		2018	2017
		(Audited)	(Unaudited)
ASSETS			
Current Assets:			
Cash and Cash Equivalents		\$ 1,637,334	\$ 82,923
Restricted Cash		191,331	-
Accounts Receivable, Net	<i>Notes 2,11</i>	510,814	-
Inventory	<i>Notes 2,4</i>	2,524,825	34,891
Prepaid Expenses and Other Current Assets		295,777	121,560
Total Current Assets		5,160,080	239,374
Property and Equipment, Net	<i>Note 7</i>	4,098,956	939,799
Construction in Progress	<i>Note 5</i>	1,164,365	-
Investments in Joint Ventures	<i>Note 6</i>	635,195	426,167
Right-of-Use Assets		585,017	611,299
Deferred Tax Asset	<i>Note 12</i>	107,608	-
Other Assets		60,282	-
Total Non-current Assets		6,651,423	1,977,265
TOTAL ASSETS		\$ 11,811,504	\$ 2,216,639
LIABILITIES AND MEMBERS' EQUITY			
Current Liabilities:			
Accounts Payable		\$ 1,091,163	\$ -
Accrued Liabilities	<i>Note 11</i>	2,804,390	17,592
Operating Lease Liability	<i>Note 10</i>	175,959	141,373
Notes Payable	<i>Note 8</i>	184,036	-
Convertible Notes Payable	<i>Note 8</i>	7,209,425	-
Total Current Liabilities		11,464,973	158,965
Long-Term Liabilities:			
Operating Lease Liability, net of current	<i>Note 10</i>	499,864	573,492
Deferred Revenue	<i>Note 11</i>	561,538	576,923
Other Liability		10,848	90,767
Total Long-Term Liabilities		1,072,251	1,241,182
TOTAL LIABILITIES		12,537,224	1,400,147
MEMBERS' (DEFICIT) EQUITY		(725,720)	816,493
TOTAL LIABILITIES AND MEMBERS' EQUITY		\$ 11,811,504	\$ 2,216,639

MXV HOLDINGS AND AFFILIATES LLC
Combined Statements of Operations and Changes in Members' Equity
For the Year Ended December 31, 2018 (audited) and 2017 (unaudited)

		2018	2017
		(Audited)	(Unaudited)
Revenues	<i>Notes 2,11</i>	\$ 5,534,034	\$ 514,102
Cost of Goods Sold		<u>2,661,957</u>	<u>-</u>
Gross Profit		2,872,077	514,102
Operating Expenses:			
General and Administrative	<i>Note 2</i>	3,790,397	1,250,161
Sales and Marketing	<i>Note 2</i>	592,228	114,181
Depreciation	<i>Note 7</i>	<u>222,680</u>	<u>295,328</u>
Total Operating Expenses		<u>4,605,306</u>	<u>1,659,670</u>
Loss from Operations		(1,733,229)	(1,145,568)
Other Income (Expense):			
Interest (Expense), Net		(546,048)	(8,576)
Income from Equity in Joint Ventures	<i>Note 6</i>	207,311	(173,833)
Other Income		<u>219,653</u>	<u>27</u>
Total Other Income (Expense)		<u>(119,084)</u>	<u>(182,382)</u>
Loss Before Provision for Income Tax		(1,852,314)	(1,327,950)
Provision for Income Tax		<u>(233,839)</u>	<u>-</u>
Net Loss		<u>\$ (2,086,153)</u>	<u>\$ (1,327,950)</u>
Members' Equity (Deficit) - as of January 1, 2017 (unaudited)		\$ 2,447,273	
Net Loss		(1,327,950)	
Contributions		97,170	
Distributions		(400,000)	
Members' Equity (Deficit) - as of December 31, 2017 (unaudited)		\$ 816,493	
Net Loss		(2,086,153)	
Contributions		543,940	
Members' Equity (Deficit) - as of December 31, 2018		\$ (725,720)	

MXY HOLDINGS AND AFFILIATES LLC
Combined Statements of Cash Flows
For the Year Ended December 31, 2018 (audited) and 2017 (unaudited)

	2018 (Audited)	2017 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (2,086,153)	\$ (1,327,950)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities		
Activities:		
Depreciation	222,680	295,328
Investments Earnings from Joint Ventures	(207,310)	(426,167)
Deferred Revenue	(15,385)	592,308
Loss on Sale of Equipment	21,853	55,578
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(510,813)	-
Receivable from unconsolidated affiliate	-	2,102,923
Inventory	(2,457,154)	7,609
Other Current Assets	(174,217)	-
Deferred Tax Asset	(107,608)	-
Right-of-Use Asset	151,787	52,113
Accounts Payable	1,091,163	-
Accrued Liabilities	2,786,799	(195,900)
Accrued Interest - Lease Liabilities	16,679	6,880
Accrued Interest - Notes Payable	210,075	-
Other Assets	(60,282)	(58,959)
NET CASH USED IN OPERATING ACTIVITIES	(1,117,885)	1,103,763
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	(12,158)	(652,316)
Expenditures for Construction in Progress (CIP)	(1,151,168)	-
Tenant Improvement Upgrades	-	(41,172)
Proceeds from Sale of Property and Equipment	14,003	-
NET CASH USED IN INVESTING ACTIVITIES	(1,149,323)	(693,488)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Convertible Short Term Debt issued June 2018	1,688,170	-
Proceeds from Convertible Short Term Debt issued Oct 2018	2,912,500	-
Proceeds from TI Building Financing	-	-
Principal payments on Lease Liabilities	(181,227)	(38,451)
Principal Payments on Other Long Term Debt	(379,114)	(9,233)
Principal Payments on Other Short Term Debt	(79,919)	-
Contributions from members	52,540	97,170
Distributions to members	-	(400,000)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	4,012,951	(350,515)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,745,743	59,760
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	82,923	23,163
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,828,665	\$ 82,923
<u>Supplemental information:</u>		
1 Interest Paid on Short-Term Convertible Debt	\$ 296,410	\$ -
2 Interest Paid on other Short-Term Debt	18,752	-
<u>Non-cash transactions:</u>		
1 Proceeds from Convertible Debt used towards purchase of Real Estate	\$ 2,961,830	\$ -
2 Purchase of Real Estate	(2,961,830)	-
3 Proceeds from Convertible Debt raised June 2018 used to extinguish prior convertible debt P&I	3,300,000	-
4 Payoff of prior convertible debt principal	(3,000,000)	-
5 Payoff of prior convertible debt interest and fees	(300,000)	-
6 Commencement of Operating Leases	125,505	663,412
7 Contributions of equipment and inventory	491,400	-
8 Proceeds from Financing of Tenant Improvements	-	183,025

MXY HOLDINGS LLC AND AFFILIATES

Notes to the Combined Financial Statements

For the Year Ended December 31, 2018

1. NATURE OF OPERATIONS

MXY Holdings and affiliates (the “Company” or “MXY”) are vertically integrated medicinal and recreational cannabis companies based in Long Beach, California holding three California cannabis licenses: production, distribution, and non-storefront retail. Through its California operations, the Company produces high quality medicinal and recreational products, which are sold wholesale to various dispensaries, and retail directly to consumers through its own delivery drivers. The Company offers two well-known brands, Moxie and MX, which are sold through dispensaries in California, Nevada, and Pennsylvania. The Company differentiates itself through the consistent high quality of its brand, availability, and scope of product offering. The combined companies are as follows:

Legal Entity	Business Operations	Year Business Started	State of Domicile
MXY Holdings LLC (“MXY”)	Management company	2018	DE
Pure CA LLC (“PCA”)	California Manufacturer and Distributor	2018	CA
2990 MLK Jr LLC (“2990”)	California Real Estate Lessor	2018	NV
California Leasing & Consulting LLC (“CLC”)	California equipment lessor	2018	CA
Patrick Clio Equipment, LLC (“PCE”)	California equipment lessor	2015	CA
Seven Ten Holdings, LLC (“STH”)	IP Brand Holder	2015	NV
Seven Ten Management, LLC (“STM”)	Nevada consulting company	2015	NV
Violet Holdings, LLC (“VH”)	New Jersey product advisor	2018	NJ

MXY Holdings, LLC through contribution agreements has the right to acquire 100% of Pure CA, LLC, conditional on final regulatory approval, which is anticipated to settle in Q3’2019.

In 2015, the four Founders of the Moxie brand setup three companies (Patrick Clio LLC, Seven Ten Holdings LLC, and Seven Ten Management LLC) to support the processing and sales of high-quality cannabis products for medicinal purposes. In 2018, California legalized cannabis for both medicinal and recreational purposes, and with that change in legal status of cannabis products, the Founders setup MXY Holdings LLC and commenced operations at its California affiliated companies (2990 MLK Jr LLC, California Leasing & Consulting LLC, Pure CA LLC) for the purposes of processing and distributing cannabis products statewide. All affiliates shared some common owners relying upon each other for service and support, including equipment and real estate leasing.

In the state of Nevada, the Moxie founders, through Seven Ten Management LLC, have worked through locally licensed partners during both 2017 and 2018, where the Company had influence on marketing policy, employee selection/management, and oversight on the use of its brand.

The Moxie founders partnered with local operators in the state of Pennsylvania to develop facilities there in 2017, with cultivation, processing and distribution operations functioning in that state by mid-2018. The Company’s investment in the Pennsylvania operations was held through its individual investors through 2018, the interest of which were eventually rolled up to MXY Holdings by Q2’2019. See Note 13.

Prior to 2018, the companies lacking access to capital market, financed their operations through careful management of operational cash flows. At the start of 2018, the Company acquired the property held by 2990 MLK Jr LLC financed by a loan from an investor to be used for its California operations. Subsequent to that property acquisition in June 2018, the Company used convertible debt to buy out an existing investor and pay off the loan collateralized by real estate and other principal assets. While significant efforts were engaged for a legal reorganization to create a consolidated group, that process was not completed until April 2019. See Note 13.

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Non-Controlling Interest

Non-controlling interest represents the portion of equity (net assets) in an entity not attributable, directly or indirectly, to a parent. A non-controlling interest is sometimes called a minority interest and is immaterial at December 31, 2018.

Basis of Preparation

The combined financial statements of the Company at December 31, 2018 and for the year then ended have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

The combined unaudited balance sheet as of December 31, 2017 and the related unaudited combined statements of operations, changes in members’ equity and of cash flows for the year ended December 31, 2017, which are presented for the comparative purposes, have been prepared by management in accordance with US GAAP.

Basis of Combination

The accompanying combined financial statements include entities which are controlled either through common control or common management. Common control exists when the same group of shareholders and/or Board members have the power, directly or indirectly, to govern the financial operating policies of multiple entities and to expose them to the variable returns from their activities. Common management exists when entities operate under the terms of management service agreements that empower the same group of people or entities to directly or indirectly govern the financial and operating policies of multiple entities and to expose them to variable returns from their activities.

Use of Estimates

Management uses estimates and assumptions in preparing its combined financial statements in accordance with US GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash deposits in financial institutions and other deposits that are readily convertible into cash.

The Company places its cash both with high quality financial institutions and in a private vault and may be redeemed upon demand. The Federal Deposit Insurance Corporation (“FDIC”) provides coverage of at least \$250,000 available to depositors under the FDIC’s general deposit insurance rules. From time to time the Company has account balances with its financial institutions that are in excess of the insured amounts given the industry limited access to banking, and, therefore, those excess account balances are uninsured. At December 31, 2018 and December 31, 2017, cash balances in excess of the FDIC insurance limit were approximately \$898k and \$0, respectively.

MXV HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash that is restricted as to withdrawal or use under the terms of certain contractual agreements are recorded in Restricted Cash on the combined balance sheet. Restricted cash at December 31, 2018 related to certain debt instruments which required the Company to restrict certain cash amounts to be used for principal and interest payments pursuant to the debt agreement (See Note 8).

Restricted Cash in Statement of Cash Flows

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The accounting standard update became effective January 1, 2018 using a retrospective transition method for each period presented. Upon adoption, ASU 2016-18 has resulted in a change in the presentation of restricted cash in the statement of cash flows for current and prior periods presented.

Accounts Receivable

Accounts Receivable are stated at an amount management expects to collect from outstanding balances. The Company recognizes an outstanding receivable when its products are delivered to its customers and risk of product loss is transferred. Payment terms have traditionally been Cash on Delivery (COD), but the evolution of the industry standards has resulted in an increased number of customers which are granted payment terms, ranging from net 7 days to net 30 days, based on the credit worthiness of the customer and other business factors. Management records an allowance for doubtful accounts based on its assessment of the current status of individual accounts. At December 31, 2018, the allowance for doubtful accounts was approximately \$85k.

Concentration Risk

Pure CA LLC, the main California operating entity of the Company, did not have customers which generated concentration more than 10% of revenue for the year ended December 31, 2018 and December 31, 2017. The Company had one vendor comprising 14% respectively, of total combined 2018 Costs of Goods Sold, Construction in Progress and Operating costs.

Inventory

Inventory includes cannabis and cannabis-related products and is valued at the lower of cost and net realizable value. Cost is determined using the standard cost method for production and retail inventory, and standards approximate actual cost. Net realizable value is determined as the estimated selling price in the ordinary course of business less estimated costs to sell. Packaging and supplies are initially valued at cost. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventory is written down to net realizable value. As of December 31, 2018 and December 31, 2017, the Company determined that no reserves were necessary and no write offs were recorded.

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Right-of-use Asset / Lease Liability

The Company adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-02 “Leases (Topic 842)” during the 3rd quarter of 2017 upon the execution of the lease for its California office headquarters. The Company leases are first evaluated to determine whether they are classified as a finance lease or as an operating lease. A lease is a finance lease if any of the following criteria are met: (a) ownership transfers, (b) the lease includes an option to purchase the underlying asset, (c) the lease term is for the major part of the remaining economic life of the underlying asset, (d) the present value of the lease payments equals or exceeds the fair value of the underlying asset, or (e) the underlying asset is of a specialized nature that is expected to have no alternative use to the lessor at the end of the lease term. All of the Company’s leases are classified as operating leases. Operating leases are considered short-term commitments if the lease term is 12 months or less and does not include a purchase option whose exercise is reasonably certain. If this short-term exemption applies, the lease payments are recognized as expense and no asset or liability is recorded. If the short-term exemption does not apply, the Company records an operating lease right-of-use asset and a corresponding operating lease liability equal to the present value of the lease payments. All of the Company’s leases prior to the 3rd quarter of 2017 met the short-term exemption and, accordingly, modification to prior period results was not required. The Company’s original commercial office lease was amended to include a second space in February 2018 and as it did not meet the short-term exemption, the present value of the lease payments was recorded as a right-of-use asset with a corresponding lease liability in the combined balance sheet. Rent expense is recognized on a straight-line basis over the life of the lease.

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method using the following methods and estimated useful lives:

<u>Category</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Manufacturing Equipment	Depreciated Over the Estimated Useful Life of the Asset	5-7 years
Leasehold Improvements	Amortized Over the Life of the Lease or the Estimated Useful Life of the Improvement, whichever is Less	10 Years
Furniture and Fixtures	Depreciated Over the Estimated Useful Life of the Asset	5 Years
Building	Depreciated Over the Estimated Useful Life of the Asset	40 Years
Automobiles	Depreciated Over the Estimated Useful Life of the Asset	3 Years
Software	Depreciated Over the Estimated Useful Life of the Asset	3 Years

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate. No adjustments were deemed necessary at December 31, 2018. An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the Statement of Operations and Changes in Members' Equity in the year the asset is derecognized.

Repairs and maintenance that do not improve efficiency or extend economic life are charged to expense as incurred. Total repairs and maintenance for the year-ended December 31, 2018 was approximately \$54k.

Capitalized Interest

The Company does not finance Construction in Progress. Accordingly, no interest expense is capitalized.

Impairment of Long-Lived Assets

Long-lived assets such as property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, but no less frequently than annually. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest charges) expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. There were no impairments recorded during the years ended December 31, 2018 and December 31, 2017.

Management is required to apply judgment in estimating future cash flows as well as asset fair values, including forecasting useful lives of the assets, assessing the probability of different outcomes, and selecting the discount rate that reflects the risk inherent in future cash flows. If the carrying value is not recoverable, the Company assesses the fair value of long-lived assets using commonly accepted techniques, and may use more than one method, including, but not limited to, recent third-party comparable sales and discounted cash flow models. If actual results are not consistent with assumptions and estimates, or if assumptions and estimates change due to new information, the Company may be exposed to an impairment charge in the future.

Investment in Business Venture

The Company accounts for investments in entities for which it is able to exercise influence over, but do not control, the investee, and are not the primary beneficiary of the investee's activities. The Company's portion of an equity method investee's net income or loss is included in other income (loss) in the combined statement of operations. In the event that the cost basis in an investment exceeds the fair value of the underlying business, the Company records an impairment charge to reduce the carrying value to the estimated fair value. See Note 6.

MXV HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company and most of its affiliates are limited liability companies that have elected to be treated as a partnership for federal income tax purposes. The production affiliate has elected to be treated as a C-corporation. Under federal law, the taxable income or loss of a partnership is allocated to its members.

A C-Corporation, on the other hand it taxed on its taxable income, which for federal basis has 280E limitation, causing a tax assessment on essentially Gross Profit prohibiting the deduction of indirect (non-production) expenses. For state purposes, indirect expenses are permitted deductions.

FASB ASC Topic No. 740, "Accounting for Uncertainty in Income Taxes" ("ASC 740"), clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on de-recognition of tax benefits, classification on the combined balance sheet, interest and penalties, accounting in interim periods, disclosure and transition. The Company did not recognize any tax benefits from uncertain tax positions during the years ended December 31, 2018 and December 31, 2017.

As the Company operates in the cannabis industry, it is subject to the limits of Internal Revenue Code (IRC) Section 280E under which the Company is only allowed to deduct expenses directly related to the cost of sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E.

Revenue Recognition

In accordance with ASC 606, revenue is recognized at both Pure CA LLC and Seven Ten Management LLC when a company satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A contract, whether a verbal or written sales order, is established with customers prior to order fulfillment with agreement upon unit prices, delivery dates, and payment terms. The transaction price is based on market pricing while considering the value of the Moxie brand and quality.

The transaction price is allocated to each product sold based upon the negotiated unit sales price associated with each product line scheduled for delivery within the order. Satisfaction of our performance obligation occurs upon delivery to the customer's premises, the point of when risk of losses passes onto the customer. For entities other than Pure CA, LLC, revenue is recognized entirely between the combined affiliates and is eliminated in the combined financial statements.

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Legal Entity	Performance Obligation	Written Contract	Transaction Price
MXY Holdings LLC	Management Services	Management services contract	Contractually specified
2990 MLK Jr LLC	Real property lease	Lease Contract	Contractually specified
California Leasing & Consulting LLC	Equipment lease	Lease Contract	Contractually specified
Patrick Clio Equipment, LLC	Equipment lease	Lease Contract	Contractually specified
Seven Ten Holdings, LLC	IP brand license	License Contract	Contractually specified

The Company enters into exclusive distributor and license agreements through Seven Ten Holdings, LLC that are within the scope of ASC Topic 606. The license agreements generate royalties based the negotiated value of the brand IP over a 39-year period, subject to extension. Since the consideration for the initial license fee is for the right to sell the licensed product in the respective territory with no other required conditions to be met, revenue is recognized ratably over the term of the license agreement. For the year ended 2018, the Company recognized approximately \$15k of license revenue from a related party.

Cost of Goods Sold

Cost of goods sold (COGS) includes the costs directly attributable to the production of finished goods including raw materials, packaging costs, production labor, and applied overhead. The unit costs of COGS are estimated using standard costing, the basis of which is evaluated at least quarterly, or when there are material changes in the underlying manufacturing costs.

Shipping and Handling

Payments by customers for shipping and handling costs are included in revenue on the combined statements of operations. These costs are included in cost of goods sold. Shipping and handling for inventory is included as a component of inventory in the combined balance sheets, and in COGS in the combined statements of operations when the product is sold.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivables, purchase options, accounts payables and accrued liabilities, and notes payable. The carrying values of these financial instruments approximate their fair values as of December 31, 2018, respectively.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

MXV HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

There have been no transfers between fair value levels during the year.

The carrying value of financial assets and liabilities recorded at fair value is measured on a recurring or nonrecurring basis. Financial assets and liabilities measured on a non-recurring basis are those that are adjusted to fair value when a significant event occurs. The Company had no financial assets or liabilities carried and measured on a nonrecurring basis during the reporting periods. Financial assets and liabilities measured on a recurring basis are those that are adjusted to fair value each time a financial statement is prepared. The Company had no financial assets or liabilities carried and measured on a recurring basis during the reporting periods. The carrying value of short-term financial instruments, including cash and cash equivalents, accounts receivable, purchase options, accounts payable and accrued expenses, and short-term borrowings approximate fair value due to the relatively short period to maturity for these instruments. The long-term borrowings approximate fair value since the related rates of interest approximates current market rates.

Related Parties

A party is considered to be related to the Company if the party directly or indirectly or through one or more intermediaries, controls, is controlled by, or is under common control. Related parties also include principal owners, management, members of the immediate families of principal owners and management and other parties if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. A party which can significantly influence the management or operating policies of the transacting parties, or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests, is also a related party.

Debt with Equity-linked Features

The Company may issue debt that has embedded conversion features. When applicable, the Company must first assess whether the conversion feature meets the requirements to be treated as a derivative. If the conversion feature within convertible debt meets this requirement the fair value of the convertible debt derivative is estimated using a Binomial Model, using the value on the date of issuance, the risk-free interest rate associated with the life of the debt, and the estimated volatility of the Company's member units. If the conversion feature is not treated as a derivative, it may be a beneficial conversion feature ("BCF"). A BCF exists if the conversion price of the convertible debt instrument is less than the member units on the commitment date. This typically occurs when the conversion price is less than the fair value of the units on the date the instrument was issued. The value of a BCF is equal to the intrinsic value of the feature, the difference between the conversion price and the Members' equity into which it is convertible. In accordance with ASC 470 (Debt) and ASC 505 (Equity), the Company performed such analysis for its convertible notes and determined that such notes are contingently convertible and, accordingly the embedded conversion feature shall not be recognized until the contingencies are resolved (see Note 8).

MXV HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative Liabilities

The Company evaluates convertible debt features or other contracts to determine if those contracts or embedded components qualify as derivatives to be separately accounted for under the relevant sections of ASC Topic 815-40, Derivative Instruments and Hedging: Contracts in Entity's Own Equity. This accounting treatment could result in the classification of the fair value of a financial instrument as a derivative instrument and is marked-to-market at each combined balance sheet date and recorded as a liability. In this event, the change in fair value is recorded in the combined statement of operations as other income or other expense. Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. Financial instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815-40 are reclassified to a liability account at the fair value of the instrument on the reclassification date. The Company determined that the embedded conversion feature of the convertible debts meets the definition of a derivative but as the conversion features are contingent (see above), such derivatives are not recognized until such contingencies are resolved.

Debt Extinguishment

Any gain or loss associated with debt extinguishment is recorded in the combined statements of operations in the period in which the debt is considered extinguished. Third party fees incurred in connection with a debt restructuring accounted for as an extinguishment are capitalized. Fees paid to third parties associated with a term debt restructuring accounted for as a modification are expensed as incurred.

Share-Based Payments

The Company issues profit interest units to its employees which are measured at their estimated fair market value on date of grant based on the estimated price of a unit of profit interest. Historical data and other relevant factors are used to estimate the fair market value. As of December 31, 2018, the Company estimated the fair market value of a profit interest unit to be de minimus. The estimated fair market value of the profit interest units granted is recognized over their vesting periods. Management evaluated the profit interest units for debt versus equity classification and determined such units are to be classified as equity.

Sales & Marketing Expense

Advertising, promotional and selling expenses consisted of sales and marketing expenses, and promotional activity expenses. Sales and Marketing expenses mostly relate to event sponsorships and travel/lodging associated with marketing initiatives. Expenses are recognized when incurred and for the years ended December 31, 2018 and December 31, 2017, sales and marketing expenses totaled \$592k and \$114k, respectively.

General and Administrative Expense

General and administrative expenses consisted of professional service fees, rent and utility expenses, meals, travel and entertainment expenses, and other general and administrative overhead costs. Expenses are recognized when incurred and for the years ended December 31, 2018 and December 31, 2017, general and administrative expenses totaled \$3.79M and \$1.25M, respectively.

MXV HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently issued Accounting Pronouncements

FASB ASU 2018-07 - “Compensation – Stock Compensation (Topic 718)” - In June 2018, the FASB issued ASU 2018-07. This update is intended to reduce cost and complexity and to improve financial reporting for share-based payments issued to non-employees (for example, service providers, external legal counsel, suppliers, etc.). The ASU expands the scope of Topic 718, Compensation—Stock Compensation, which currently only includes share-based payments issued to employees, to also include share-based payments issued to non-employees for goods and services. Consequently, the accounting for share-based payments to non-employees and employees will be substantially aligned. This standard will be effective for financial statements issued by public companies for the annual and interim periods beginning after December 15, 2018. Early adoption of the standard is permitted. The standard will be applied in a retrospective approach for each period presented. Management does not currently expect this ASU to have a significant impact on the combined (consolidated) financial statements and related disclosures.

FASB ASU 2017-04 - “Simplifying the Test for Goodwill Impairment (Topic 350)” – In January 2017, the FASB issued 2017-04. The guidance removes “Step Two” of the goodwill impairment test, which required a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit’s carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The ASU is effective for annual reporting periods beginning after December 15, 2019, and for interim periods within those years, with early adoption permitted. Management does not currently expect this ASU to have a significant impact on the combined (consolidated) financial statements and related disclosures.

Non-employee Stock-based Compensation – In June 2018, the FASB issued ASU 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting*, which more closely aligns the accounting for employee and nonemployee stock-based compensation. Under the new standard, companies will no longer be required to value non-employee awards differently from employee awards. This accounting standard update will be effective beginning in the first quarter of fiscal 2020 using a modified retrospective approach. The Company anticipates that the new standard will not materially impact the Company’s combined (consolidated) financial statements.

Fair Value Measurement - In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*, which amends ASC 820, *Fair Value Measurement*. ASU 2018-13 modifies the disclosure requirements for fair value measurements by removing, modifying or adding certain disclosures. The accounting standard update will be effective beginning in the first quarter of fiscal 2021, with removed and modified disclosures to be adopted on a retrospective basis, and new disclosures to be adopted on a prospective basis. The Company is in the initial stages of evaluating the impact of the new standard on its combined (consolidated) financial statements.

3. GEOGRAPHIC BREAKDOWN OF SIGNIFICANT OPERATIONS

The Company’s operating segments are business units that manufacture and sell concentrates, extracts, and other cannabis-related products. These operating segments were determined by location of manufacturing and distribution facilities. Operating segments are defined as components of an enterprise for which separate financial information is available and which is evaluated regularly by Management in determining how to allocate resources and in assessing performance.

MXV HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

3. GEOGRAPHIC BREAKDOWN OF SIGNIFICANT OPERATIONS (Continued)

The Company's Chief Executive Officer and Executive Chairman, with the assistance of the executive management team, has been identified as the chief decision maker. Management directs the allocation of resources to operating segments based on the profitability and cash flows of each respective segment.

The Company evaluates performance based on operating income. Administrative functions such as finance, treasury, and information systems are centralized. However, where applicable, portions of the administrative function expenses are allocated between the operating segments. The operating segments do not share manufacturing or distribution facilities. In the event any materials and/or services are provided to one operating segment by the other, the transaction is valued according to the Company's transfer policy, which approximates market price. The costs of operating the manufacturing plants are captured discretely within each segment. The Company's property, plant and equipment, inventory, and accounts receivable are captured and reported discretely within each operating segment.

Summary financial information for operating segments by geographic location is as follows:

	California	Nevada	Other	Eliminations	Total
Gross Revenue	\$ 6,606,544	\$ 455,166	\$ 710,905	\$ (2,238,581)	\$ 5,534,034
Gross Profit	2,311,710	131,334	665,488	(236,455)	2,872,077
Gross Margin	35%	29%	94%		52%
Selling, General & Admin exp	4,270,633	76,745	125,230	132,699	4,605,307
Operating Income (Loss)	\$ (1,958,923)	\$ 54,589	\$ 540,258	\$ (369,153)	\$ (1,733,229)

4. INVENTORY

As of December 31, 2018 and 2017, inventory consisted of:

	2018	2017
Raw Materials	\$ 543,432	\$ 34,891
Work in Process	1,431,291	-
Finished Goods	550,102	-
Total Inventory	\$ 2,524,825	\$34,891

5. CONSTRUCTION IN PROGRESS (CIP)

CIP consists of initial costs associated with construction of manufacturing facilities, including material, equipment and interest expenses. When CIP is completed the assets will be transferred to facilities assets. No provision for depreciation is made on CIP until such time that the relevant assets are available and ready to use.

In August 2018, the Company, through one of its 2990 MLK Jr LLC affiliate, engaged an outside contractor to buildout its California manufacturing facility in Lynwood, CA. The project's estimated total costs are approximately \$4.9M, with construction projected for completion in August 2019. Through December 31, 2018, the cost incurred totaled approximately \$1.1M with an estimate to complete of approximately \$3.86M.

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

5. CONSTRUCTION IN PROGRESS (CIP) (Continued)

Once completed, California cannabis production will move to the newly built-out 10,600 square foot facility. Amounts payable to the general contractor at December 31, 2018 totaled \$379k, and the current retention payable balance is \$66k.

6. INVESTMENTS IN BUSINESS VENTURES

The Company has investments in two private business ventures in the Pennsylvania cannabis market, providing both business and product consulting support as needed to the onsite management team, as well as the license of its Brand, Moxie. The two Pennsylvania based investments include: “Company A”, a cannabis cultivator and processor servicing the Pennsylvania medicinal cannabis market and “Company B”, a real estate and equipment lessor supporting the local cannabis manufacturing operations.

The Company through contribution agreements has the right to acquire 17.18% of Company A, conditional on final regulatory approval, and 31.65% of Company B, respectively. Major decisions for both Company A and Company B require the unanimous consent of the respective boards, which involve senior MXY employees on both boards, resulting in MXY’s ability to exercise influence over both entities. Accordingly, the equity method of accounting is the most appropriate method for the Company’s current investment interests. The Company acquired both investments through the use of its brand and processing expertise to local partners in Pennsylvania, along with small cash contributions in Company A and an IP brand contribution in Company B. The Company, through its Seven Ten Holdings affiliate, received four Class C units in Company B, valued at \$600k, by negotiation with other third party Company B investors, where the IP brand was estimated at 4 times the per unit cash value, or \$150k, of Company B Class B units. These investments were established at the formation of Company A in February 2017 and Company B in July 2017. These investments were held through common ownership by Moxie investors who agreed to exchange the investment for equity in MXY Holdings during a legal reorganization completed in April 2019 (see Note 13). A rollforward of the Company’s investments in these entities is as follows:

	Company A	Company B	Combined
Balance 1/1/17	-	-	-
Contributions	\$ -	\$ 600,000	\$ 600,000
Allocable share of profits	(107,931)	(65,903)	(173,833)
Balance at 12/31/17	\$ (107,931)	\$ 534,097	\$ 426,167
Contributions	1,718	-	1,718
Allocable share of profits	(112,357)	319,668	207,311
Balance at 12/31/18	\$ (218,570)	\$ 853,765	\$ 635,195

During the year ended December 31, 2018, the Company recognized revenue for the use of this IP license related to this agreement of \$15k. Additionally, the Company agreed to provide sales and marketing, operational, and quality oversight support to Company B throughout the fiscal year through a Management Services Agreement that expires on December 31, 2019. During the year ended December 31, 2018, the Company recognized revenue of \$240k relating to such services provided.

Deferred revenue from license agreement at year-end December 31, 2018 is \$578k of which \$561k relates to the long-term portion and \$15k relates to the current portion which is booked in Accrued Liabilities.

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

6. INVESTMENTS IN BUSINESS VENTURES (Continued)

A summary of audited financial information of the unconsolidated Business ventures, is as follows at December 31, 2018:

	<u>Company A</u>	<u>Company B</u>	<u>Total BV Investments</u>
Total Assets	3,034,562	13,464,705	16,499,267
Total Liabilities	4,349,654	1,091,827	5,441,481
Business Venture Equity	<u>(1,315,092)</u>	<u>12,372,878</u>	<u>11,057,786</u>
Total Liabilities and Business Venture Equity	<u>\$ 3,034,562</u>	<u>\$ 13,464,705</u>	<u>\$ 16,499,267</u>
	<u>Company A</u>	<u>Company B</u>	<u>Total BV Investments</u>
Net Income/(Loss)	<u>(654,000)</u>	<u>1,010,009</u>	<u>356,009</u>
Summary of MXY's investment	17.18%	31.65%	
in unconsolidated earnings of Business Ventures	(112,357)	319,668	207,311

The proportionate share of MXY's earnings was recorded in the Statement of Operations. The Company's policy is that the investment will be reduced below zero at times as management believes the investee operations will ultimately be profitable in the short term and long term. The Company does not believe the investment is impaired nor is the Company obligated to make any capital contributions for its negative investment.

Colombian Purchase Rights Agreement

During 2018, the principals of Cannacol S.A.S. (Cannacol), a simplified stock company organized in Colombia, approached MXY about raising capital and monetizing their interest in a local farm and manufacturing license. In December 2018, MXY entered into a purchase rights agreement with all the shareholders of Cannacol to purchase all the outstanding shares of stock of Cannacol for \$450k. Management has determined the estimated fair market value of the rights agreement option was immaterial at the date of agreement and December 31, 2018.

The Company has incurred and expensed legal and consulting fees to evaluate this opportunity and to register its seeds within Colombia. In addition, by verbal agreement, MXY Holdings LLC agreed to provide \$5k of monthly funding to Cannacol to keep the farm functioning and operational until the option expired. The Company currently has \$26k of capitalized costs in Other Current Assets representing the cost to purchase and register cannabis seed in Colombia.

The Company is not obligated to exercise the purchase right and is in the process of evaluating whether to exercise this right. The rights agreement matures in September 14, 2019.

MXV HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

7. PROPERTY AND EQUIPMENT

As of December 31, 2018 and 2017, property and equipment consisted of the following:

	2018	2017
Manufacturing Equipment	\$ 859,411	\$ 466,638
Office Furniture & Equipment	438,255	454,468
Vehicles	19,402	-
Tenant Improvements	205,514	224,197
Building	987,277	-
Land	1,974,553	-
Total Property & Equipment	<u>4,484,411</u>	<u>1,145,303</u>
Less: Accumulated Depreciation	(385,455)	(205,504)
Property & Equipment, Net	<u>\$ 4,098,956</u>	<u>\$ 939,799</u>

Depreciation expense of \$222,680 and \$295,328 was recorded for the years ended December 31, 2018 and 2017, respectively. Repairs and maintenance costs incurred totaled \$54k for the year ended December 31, 2018, with no repairs and maintenance costs incurred during the year ended December 31, 2017.

8. NOTES PAYABLE

Convertible Note

In January 2018, certain debt financing totaling \$3 million was provided by an outside to fund the purchase of the land and real estate for the California manufacturing facility. The initial investment was structured as a secured, convertible debt bearing interest at 7.5% per annum, compounded monthly with a maturity date of March 1, 2018. In June 2018, pursuant to a Settlement and Release Agreement (SRA), the Company and the Note holder agreed to rescind the transaction, resulting in the conversion features being eliminated, the debt being paid in full including interest of \$296,000. The Company incurred legal and other transaction of \$563k. In connection with the SRA, the Company entered into a note payable of \$563k to settle a portion of the additional fees to be paid over a 10 months period. The note was originally collateralized by a deed of trust on the building purchased. The balance was paid in monthly installments through April 2019, at which time the note was paid in full using the restricted cash described in Note 2. The lien on the building was released once the debt was paid in full.

Convertible Notes Outstanding

In June 2018 the Company issued two convertible notes to members in the amounts of \$1.2M and \$3.45M for an aggregate amount of approximately \$4.65M, representing all related party debt. In addition, in October 2018, the Company issued three convertible notes in the aggregate of approximately \$2.35M, representing all related party debt.

The Convertible Notes are secured by all of the assets, tangible and intangible, of the Company. All interest becomes due and payable under a conversion event. No principal or interest payments were made in 2018 on these convertible notes. As of December 31, 2018, convertible notes payable consists of five notes totaling \$7.2M, including \$0.2M of accrued interest. Representatives of the two largest note holders are actively participating in management of the Company. The convertibles notes are summarized as follows:

MXV HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

8. NOTES PAYABLE (Continued)

Terms of Convertible Notes

Effective Date	Maturity Date	Annual Interest	Convertible Debt	Accrued Interest 12/31/18
June 11, 2018	June 11, 2019	7%	\$3,450,000	\$134,314
June 11, 2018	June 11, 2019	7%	\$1,200,000	\$46,718
October 29, 2018	October 29, 2019	7%	\$1,620,000	\$19,573
October 29, 2018	October 29, 2019	7%	\$700,000	\$8,458
October 29, 2018	October 29, 2019	7%	\$30,000	\$362
		Total	\$7,000,000	\$209,425

The convertible notes accrue interest at the rate of seven (7%) percent per annum computed on the basis of the actual number of days the debt is outstanding.

The lender understands that the notes and the conversion securities have not been and will not be registered under the Securities Act and that they are “restricted securities” under applicable US federal and state securities laws. The lender must hold the conversion securities indefinitely unless they are registered with the Securities and Exchange Commission and qualified by state authorities or unless an exemption from such registration and qualification requirements is available

Contingent Conversion

Upon qualified financing (equity sales greater than \$5M), the notes automatically convert to Series C units. In the event a qualified financing does not occur, the note holder may elect by written notice to the Company with 30 days following the maturity date, to convert all unpaid principal payable due into Series C equity of the Company. Whether under a qualified financing or note holder election, all accrued and unpaid interest and the extension fee, if any, shall be immediately due and payable. The number of Series C units issuable are determined by a set formula set out in the convertible debt agreement. As the conversion features are contingent and were not resolved by December 31, 2018, the Company has not recorded the embedded conversion features within the convertible notes in accordance with ASC 470 (Debt).

Security Interest, Guarantees and Acceleration on Event of Default

The Company granted lenders a continuing security interest in the collateral of the Company. Any amounts owed to lenders after the effective date shall be secured by the first priority perfected security interest in the collateral of the Company. In addition to the security interest granted, the Company’s obligations under these notes shall be guaranteed by the Company. At any time after Lender becomes aware of an Event of Default, the holders may accelerate all of the payment obligations including all outstanding principal, any accrued but unpaid interest, the Extension Fee, if any, and reasonable expenses of collection. In lieu of payment, the Required Holders may alternatively elect to instead convert the Outstanding Balance into a number of Series C Units determined by a set formula set out in the convertible debt agreements. At any time following the occurrence of an Event of Default, interest shall accrue on the Outstanding Balance beginning on the date the applicable Event of Default occurred at an interest rate equal to the lesser of fifteen percent (15%) per annum or the maximum rate permitted under Applicable Law.

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

8. NOTES PAYABLE (Continued)

Promissory Note

In June 2018, to cover legal fees associated with the buyout of a prior investor (see convertible note extinguished above), the Company entered into a promissory note payable to the investor in the amount of \$562,500 with simple interest accruing on the outstanding principal balance of the note at a rate of 0.83% per month from and after June 1, 2018. In accordance with the note, the Company paid \$46,875 monthly towards principal, and an additional amount for interest depending on the note balance outstanding. The final payment on this note, which will equal the entire outstanding principal balance of this note, together with all accrued and unpaid interest thereon will be due and payable on the earlier of May 1, 2019.

As of the year ended December 31, 2018, there was an outstanding note payable to the former member of \$184,036. In accordance with the note, the amount was paid down in monthly installments and was paid in full by April 2019 which was prior to the maturity date of May 1, 2019. This outstanding balance is reserved in the restricted cash balance of \$191,331.

9. MEMBERS' EQUITY (DEFICIT)

The Company's first three affiliates included in this combined statement: Seven Ten Holdings, LLC, Patrick Clio, LLC and Seven Ten Management, LLC, operated in both California and Nevada. These affiliates were owned by the Founders through 2018 and were operated as partnerships.

Pure CA, LLC, the California manufacturing entity, which was formed in 2017, began operations until January 2018, and was a single member LLC owned by 89 Emerald LLC. 2990 MLK JR LLC was also formed in 2017 to acquire real estate for California operations, and was formed as a single member LLC owned by Lams Holdings LLC. California Leasing and Consulting, LLC was formed to be the California equipment lessor owned as a single member LLC with all units owned by one individual investor. The three LLC's were held as nominee interests, whereby the investors agreed to exchange their interest in these entities for the equity to be received in MXY Holdings LLC upon completion of the legal rollup. See Note 13.

MXY Holdings LLC has three classes of equity including Series A, Series B, and Profit Sharing interests. Series A and B have 71.0% and 28.5% of the outstanding equity, respectively as of December 2018. Series A and B members both have two voting board members each on a four-member board of managers. Profit Sharing interests do not participate in voting rights. As Series B members represented the convertible note holders, their consent is required on material decisions affecting the Company, such as the adoption of material contracts, materials changes in the scope of Company's business, and corporate refinancing.

Violet Holdings LLC was formed in July 2018 to acquire processing and cultivation licenses in state of New Jersey. No operations have commenced as of December 31, 2018. MXY Holdings LLC owns, through its affiliate Anacapa NJ, LLC, 62.5% of the Series A Units, with the remainder owned by a related party, who holds a non controlling interest. Currently the board composition has not been determined given that Violet Holdings has yet to commence any significant operations.

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

9. MEMBERS' EQUITY (DEFICIT) (Continued)

The table below describes the ownership of the Company and its Affiliates.

Entity	Owner	%
MXY Holdings, LLC	Series A	71.0%
	Series B	28.5%
	Profits Interest - Series B	0.5%
Pure CA, LLC	89 Emerald, LLC	100%
2990 MLK Jr, LLC	Lams Holdings, LLC	100%
Patrick Clio Equipment, LLC	Founders	100%
California Leasing & Consulting, LLC	Individual Investor as Nominee	100%
Seven Ten Holdings, LLC	Founders	100%
Seven Ten Management, LLC	Founders	100%
Violet Holdings, LLC	YOI NJ, LLC	37.5%
	MXY Holdings, LLC	62.5%

Capital contributions during 2018 totaling \$543,940 were received from the four original founders of the Moxie brand and included funds to cover expenses relating to facilities and equipment. No distributions were made during 2018.

	MXY	2990	PCA	PCE	CLC	STM	VH	STH	Other Sub	Total
Balance at 1/1/17	\$ -	\$ -	\$ -	\$ 307,182	\$ -	\$ (25,418)	\$ -	\$ 60,970	\$ 2,104,539	\$ 2,447,273
Capital Contributions - Legacy	-	-	-	6,617	-	-	-	90,553	-	97,170
Net Income/Retained Earnings	-	-	-	125,853	-	204,844	-	445,892	(2,104,539)	(1,327,950)
Partner Capital Accounts	-	-	-	(80,000)	-	(160,000)	-	(160,000)	-	(400,000)
Balance at 12/31/17	\$ -	\$ -	\$ -	\$ 359,652	\$ -	\$ 19,426	\$ -	\$ 437,415	\$ -	\$ 816,493
Capital Contributions - Legacy	38,586	23,197	-	-	443,706	-	-	38,451	-	543,940
Net Income	(2,509,359)	(1,300,784)	1,764,624	(72,283)	(75,668)	264,668	(71,040)	(86,311)	-	(2,086,153)
Balance at 12/31/18	\$ (2,470,773)	\$ (1,277,587)	\$ 1,764,624	\$ 287,369	\$ 368,038	\$ 284,094	\$ (71,040)	\$ 389,555	\$ -	\$ (725,720)

SHARE BASED COMPENSATION

During the year ended December 31, 2018, the Company granted a 25,000 units of Class B profit Interest to members of senior management, the Grantees, representing 0.5% of the total equity of the Company at December 2018. The Grantees shall not have any of the rights of a Member with respect to these units unless vested in accordance with the terms of this Agreement. The Profits Interests units require no capital contribution, and only share in future profits and losses, up to previously allocated profits, and the value of liquidation events. MXY Holdings determined that the estimated fair market value of the Profits Interests granted during the year ended December 31, 2018 was immaterial. These Profit Interests vest within 4 years of issuance, or immediately upon a liquidation event. In the event of voluntary termination, or termination with cause, the holder loses all future rights to the unvested Profit Interests. Such Profit Interests were issued in accordance with the terms of the Operating Agreement.

MXV HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

9. MEMBERS' EQUITY (DEFICIT) (Continued)

From the date of grant, the Company will treat the Grantee as the owner of the units when calculating the distributive share of Company income, gain, loss, deduction, and credit in computing the Grantee's income tax liability for the entire period during which the Grantee owns the Profits Interest Units.

Subsequent to December 31, 2018, the Company granted 495,952 of additional Profit Interest to various members of management and consultants who helped facilitate the May 2019 capital raise (See Note 13). The units granted to these members and consultants carry the same terms as outlined above. The Company determined that the estimated fair market value of the Class B Profit Interest units granted subsequent to December 31, 2018 were immaterial.

10. COMMITMENTS AND CONTINGENCIES

LEASE COMMITMENTS: RIGHT-OF-USE ASSETS

The Company has capitalized operating leases for its corporate offices in accordance with ASC 842. The leases have remaining terms of less than four years expiring in July 2022. As of December 31, 2018, assets recorded under operating leases were \$585,017 and accumulated amortization associated with these leases totaled \$203,900. The components of Operating Lease expense are as follows:

	Year-ended December 31, 2018	Year-ended December 31, 2017
Operating Lease Cost	\$ 168,467	\$ 151,787
Cash Paid for amounts included in the measurement of Operating Lease Liabilities	\$ 181,227	\$ 38,451
Right of Use Assets obtained in exchange for Operating Lease Obligations	\$ 585,017	\$ 611,299
Remaining lease term	3.6yrs	4.6yrs
Discount rate	2.25%	2.25%

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

10. COMMITMENTS AND CONTINGENCIES (Continued)

Minimum Lease Payments are as follows:

<u>Minimum Lease Payments are as follows:</u>	
Year-Ended	Amount
2019	\$ 189,019
2020	194,690
2021	200,530
2022	118,998
Total Lease Payments	703,237
Less effects of discounting	(27,414)
Lease Liabilities recognized	\$ 675,823
Current Portion of Lease Liabilities	\$ 175,959
Long-Term Portion of Lease Liabilities	\$ 499,864

Contingencies

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its consolidated operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulation as of December 31, 2018, marijuana regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties or restrictions in the future.

In August 2018, the Company, through one of its affiliates, engaged an outside contractor to buildout its California manufacturing facility in Lynwood, CA. As of June 2019, the buildout plans are pending Los Angeles County Fire approval. As the construction is estimated for completion in August 2019, the Company faces a potential risk of delayed occupancy until County Fire approval has been granted. The quantification of loss associated with this risk is the loss of potential earnings and suspended manufacturing growth by remaining in the temporary, onsite manufacturing facility longer than anticipated.

The Company engaged the law firm Buchalter, a Professional Corporation, for certain matters in late 2017 and early 2018, including the convertible notes. Buchalter was subsequently replaced as counsel and the Company received invoices over which it initiated an arbitration proceeding disputing such fees and making a claim for damages. Management has a high level of confidence in recouping its expenses and losses. The downside would be paying the invoice in the amount of \$250k or less.

Marijuana is currently a Controlled Substances Act Schedule I drug as defined by federal law and is therefore, considered an illegal activity under federal statute. Civil and criminal punishment can be assessed against the Company and anyone who sells, holds, grows, or imports-controlled substances. Schedule I of the Controlled Substances Act lists drugs, including marijuana, that the federal government has determined to have; 1) a high potential for abuse, 2) no currently accepted medical use in the United States, and 3) lack of safety for use even under medical supervision.

MXV HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

10. COMMITMENTS AND CONTINGENCIES (Continued)

Although the United States Department of Justice has been encouraged not to prosecute marijuana distributors who comply with state and local laws, the federal law is still effective and the Drug Enforcement Agency can investigate, and even raid, marijuana business that are legal under state and local statutes and regulations. If this were to occur, the Company would experience a material adverse effect on its financial condition, results of operations, and cash flows.

Some employment contracts and offer letters do provide for severance in the case of involuntary terminations without cause. The severance payouts range from one to six months of base salary. There are no severance commitments and liabilities as of December 2018.

Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of December 31, 2018, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's consolidated operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

11. RELATED PARTY TRANSACTIONS

From time to time, the Company enters into transactions with companies owned by members of the Company. During the year ended December 31, 2018, the Company entered into a revenue sharing arrangement with another cannabis brand, Fresh off the Bud (FOB), whereby FOB owners could use the Company's processing facilities and some technical resources. In exchange the FOB owners, one of which later became a member and senior manager of the Company, would split revenue. This arrangement was transformed after Q1'2018, where the Company employed FOB resources for a cost plus margin reimbursement. Subsequent to Q2'2018, no further business dealing occurred concerning the FOB brand. Sales generated from this revenue sharing arrangement during 2018 were approximately \$500,000.

At the start of 2018, the Company acquired \$519k of raw materials and WIP inventory from an entity associated with the Company Founders. The valuation of the inventory and payable were determined by an agreed-upon transaction price and were subsequent adjusted down after cannabis was legalized. The adjusted balance of that payable is included in accrued liabilities in the accompanying combined balance sheet.

The Company provides sales and marketing, operational, and quality oversight support to under a Management Services Agreement that expires on December 31, 2019. During the year ended December 31, 2018, the Company recognized revenue of approximately \$240k relating to such services provided recorded in Revenue.

The Company purchases some packaging on behalf of both its affiliates and investment partners as part of its branding agreements. The Company sold approximately \$192k to its unconsolidated Business venture partners during 2018 with an outstanding receivable of approximately \$30k as of December 31, 2018.

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

11. RELATED PARTY TRANSACTIONS (Continued)

The Company records deferred revenue from an investment partner in connection with an IP License agreement. At December 31, 2018, related party deferred revenue totaled \$577k with \$562k recorded in long-term liabilities and \$15k recorded in short-term accrued liabilities.

Advisory fees are paid to companies who are also principal members or Board members in the Company. Total advisory fees of approximately \$348,000 were incurred during 2018 and remains outstanding in the accrued liabilities in the accompanying combined balance sheet at December 31, 2018.

The table below summarizes the related party activity during the year ended December 31, 2018.

Description	Counterparty	Revenue	Expense	Outstanding A/R
IP Licensing Revenue	Company B	\$ 15,000	\$ -	\$ -
Product Sales	FOB	\$ 500,000	\$ (425,000)	\$ -
Packaging Revenue	Company A	\$ 192,000	\$ (182,400)	\$ 30,000
Management Fees Earned	Company B	\$ 240,000	\$ -	\$ -
Product Purchases	Founders	\$ -	\$ (519,000)	\$ -

12. INCOME TAXES

Basis of Presentation (Income Taxes)

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 tax reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where 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.

The Company's effective income tax rate can vary significantly for various reasons, including the mix and volume of business in lower income tax jurisdictions and in jurisdictions for which no deferred income tax assets have been recognized because management believed it was not probable that future taxable profit would be available against which income tax losses and deductible temporary differences could be utilized.

Significant Accounting Policies (Income Taxes)

Income tax expense is comprised of current and deferred tax. Income tax is expensed except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to the tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized on temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for amounts relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that do not affect either accounting or taxable loss, or differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

MXV HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

12. INCOME TAXES (Continued)

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position.

Income Taxes

The Company and most of its affiliates are limited liability companies that are taxed as partnerships for federal and state income tax purposes. The production affiliate has elected to be treated as a C-Corporation for federal and state income tax purposes. Under federal law, the taxable income or loss of a partnership is allocated to its members, therefore there is no federal or state income tax at the partnership level, with the exception of certain state minimum taxes and taxes based on gross receipts. A C-Corporation, on the other hand, is taxed on its taxable income at both the federal and state level.

As a C-Corporation, the Company's production affiliate is subject to U.S. Internal Revenue Code Section 280E at the federal level. This code section disallows deductions and credits attributable to a trade or business of trafficking in controlled substances. Under U.S. tax, cannabis is a schedule I controlled substance. The Company has taken the position that any costs included in the cost of goods sold should not be treated as amounts subject to Section 280E. For state purposes, non-cost of goods sold are permitted deductions for the production affiliate.

FASB ASC Topic No. 740 "Accounting for Uncertainty in Income Taxes" ("ASC 740"), clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on de-recognition of tax benefits, classification on the combined balance sheet, interest and penalties, accounting in interim periods, disclosure and transition. The Company did not recognize any tax benefits from uncertain tax positions during the year ended December 31, 2018.

Income tax expense attributable to loss from operations consists of the following at December 31, 2018:

	2018
Current	
Federal	325,436
State	16,011
Total Current	341,447
Deferred	
Federal	(70,458)
State	(37,150)
Total Deferred	(107,608)
Total Tax Expense	233,839

Tax attributes are subject to review, and potential adjustment, by tax authorities.

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

12. INCOME TAXES (Continued)

Significant components of the Company's deferred tax assets and liabilities included in the financial statements are as follows:

	<u>2018</u>
Deferred Tax Assets:	
Non-capital losses	\$ -
Reserves and accruals not currently deductible	12,144
Leases	85,206
Intangible asset basis difference	<u>10,258</u>
Total Deferred Tax Assets	107,608
Valuation Allowance	<u>-</u>
Net Deferred Tax Assets	<u>\$ 107,608</u>

Based on available evidence during the year ending December 31, 2018, the Company determined it was more likely than not that the net deferred tax assets for federal and state income tax purposes will be realized. Therefore, a valuation allowance has not been established against the deferred tax assets.

The Company currently files income tax returns in the United States and the State of California. The Company is not currently under examination by income tax authorities in federal or state jurisdictions. All tax returns remain open for examination by the federal and state authorities for three and four years, respectively, from the date of filing with taxable income or from the date of utilization of any NOL.

On December 22, 2017, the Tax Cuts and Jobs Act (H.R.1) (the "Tax Act") was signed into law. The Tax Act contains significant changes to corporate taxation, including (i) the reduction of the corporate income tax rate from a maximum rate of 35% to 21%, (ii) the acceleration of expensing for certain business assets, (iii) the one-time transition tax related to the transition of U.S. International tax from a worldwide tax system to a territorial tax system, (iv) the repeal of domestic production activities deduction, (v) additional limitations on the deductibility of interest expense, (vi) expanded limitations on executive compensation, (vii) acceleration of tax revenue recognition, (viii) capitalization of research and development expenditures and (vix) creation of new minimum taxes such as the base erosion anti-abuse tax ("BEAT") and Global Intangible Low Taxed Income ("GILTI") tax.

The Company has not yet made a policy election with respect to its treatment of potential base erosion anti-abuse tax ("BEAT") and Global Intangible Low Taxed Income ("GILTI"). Companies can either account for taxes on BEAT and GILTI as incurred or recognize deferred taxes when basis differences exist that are expected to affect the amount of the BEAT and GILTI inclusion upon reversal. The Company is still in the process of analyzing the provisions of the Act associated with BEAT and GILTI and the expected impact of BEAT and GILTI on the Company in the future.

The provisional amount related to the deferred tax balances are based on information available at this time and may change due to a variety of factors, including, among others, (i) anticipated guidance from the U.S. Department of Treasury about implementing the Tax Act, (ii) potential guidance from the Securities and Exchange Commission or the Financial Accounting Standards Board related to the Tax Act, (iii) any impact resulting from our December 31, 2018 financial closing and reporting processes, and (iv) management's further assessment of the Tax Act and related regulatory guidance.

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

12. INCOME TAXES (Continued)

We are not complete in our assessment of the impact of the Tax Act on our business and combined financial statements. We will continue our assessment of the impact of the Tax Act on our business and combined financial statements throughout the one-year measurement period as provided by SAB 118.

13. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through July 16, 2019, which is the date these combined financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2018 have been incorporated into these combined financial statements.

New Jersey Real Estate Sale and Advisory Agreement

In January 2019, the Company, through its Violet Holdings, LLC affiliate, was unsuccessful in its bid to obtain cannabis licenses in New Jersey and the rights to purchase the real estate were sold for \$300k. Costs to acquire the real estate option in 2018 were \$100k resulting in the Company reporting a gain of \$200k at the time of sale. As a trade-off for selling the real estate option, the Company entered into an agreement offering advisory services due to its extensive experience in product and brand development in the cannabis industry through a profit split with the license holder receiving a fixed fee. As an advisor, the intellectual property remains the property and sole responsibility of the Company. Operations are expected to commence in Q4 2019 and advisory revenue will be recognized accordingly as sales begin.

Legal Roll Up

In early April 2019, the Company completed its legal transformation whereby investors of individual affiliate companies exchanged all or part of their equity units in specific LLC's for the equity units of MXY Holdings LLC. The result was the formation of a controlled group with MXY Holdings LLC as the parent company, and former affiliates became subsidiaries. The new structure simplifies the relationship among the companies for legal, tax, and accounting purposes. Concurrent with the effective date of the legal rollup, the Company converted all remaining wholly owned subsidiaries to c-corporations for tax filing purposes.

Nevada Investment

In late April 2019, the Company executed both an advisory and brand license agreement with the principals of a Nevada company with the licenses to cultivate and produce both recreational and medicinal cannabis products in the state of Nevada. The advisory agreement provides the Company with monthly fees in exchange for managerial assistance on improving the quality of their operations and financial results. A share transfer agreement and a new operating agreement, giving the Company a percentage of equity for the use of its brand and expertise, is anticipated for July 2019 when an effective date back to May 2019.

Capital Raise & Conversion of Convertible Notes

The capital raise was funded in mid-May 2019 totaling \$43M consisting of newly issued convertible debt of \$36M and Series C preferred equity of \$7M. The funding of the capital raise triggered the conversion of existing convertible notes payable into series C preferred units and payoff of the convertible notes accrued interest of \$383,945.

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

13. SUBSEQUENT EVENTS (Continued)

The Series C preferred units are at an effective purchase price of \$7.9128 per unit and/or by purchase and sale for cash at a purchase price of \$19.5503 per unit. The units are part of an offering by the Company of up to 1,242,694 units resulting from the conversion of the principal outstanding pursuant to the convertible notes and purchase and sale of up to an additional \$7M of units.

Additional funds of \$514,083 were used to pay off certain accrued expenses. The remaining funds from the capital raise will be used for Company growth initiatives from unrelated third parties.

Fire in California Manufacturing Facility

In February 2019, the Company suffered a fire in its California temporary manufacturing facility in Lynwood, CA. Equipment and inventory with a cost of approximately \$257k were destroyed. Costs of cleanup were \$21,050, and estimated costs of repair to the temporary manufacturing facility are approximately \$122k.

In May 2019, the Company received approximately \$370k from insurance proceeds related to the above losses. Monies allocated to the lost equipment resulted in an economic gain of approximately \$39k.

Execution of Business Combination Agreement

In July 2019, MXY Holdings LLC entered into a Securities Acquisition and Contribution Agreement with Green Growth Brands Inc (“GGB”). GGB is public company traded on the Toronto Stock Exchange and operates through two principal segments: producing/selling CBD-infused personal care products and cultivation/production/distribution/retail of cannabis products. The Acquisition Agreement provides for the creation of a Canadian limited partnership, of which GGB as the general partner, which will acquire the operating company of GGB and the outstanding units of MXY. The equity purchase price of \$310M, satisfied by the issuance of GGB Common Shares or Exchangeable LP Units. As part of the agreement, MXY has agreed to make a loan of \$5M in order to fund certain pending acquisitions. The close of this transaction is expected to occur within six months, subject to various closing conditions.

MXY HOLDINGS LLC AND AFFILIATES
Combined Financial Statements As of and for
the Quarters Ended
March 31, 2019 and 2018

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MXY HOLDINGS LLC AND AFFILIATES
Combined Balance Sheets
As of March 31, 2019 and December 31, 2018 (audited)

ASSETS		March 31, 2019	December 31, 2018
Current Assets:			
Cash and Cash Equivalents		\$ 901,537	\$ 1,637,334
Restricted Cash		47,144	191,331
Accounts Receivable, Net	<i>Notes 2,11</i>	678,495	510,814
Inventory	<i>Notes 2,4</i>	2,907,200	2,524,825
Prepaid Expenses and Other Current Assets		94,741	295,777
Total Current Assets		4,629,117	5,160,081
Property and Equipment, Net	<i>Note 7</i>	4,020,525	4,098,956
Construction in Progress	<i>Note 5</i>	2,228,715	1,164,365
Investments in Business Ventures	<i>Note 6</i>	737,290	635,195
Right-of-Use Assets		545,922	585,017
Deferred Tax Asset		107,608	107,608
Other Assets		60,237	60,282
Total Non-current Assets		7,700,297	6,651,423
TOTAL ASSETS		\$ 12,329,414	\$ 11,811,504
LIABILITIES AND MEMBERS' EQUITY			
Current Liabilities:			
Accounts Payable		\$ 1,696,011	\$ 1,091,163
Accrued Liabilities	<i>Note 11</i>	\$ 2,956,879	2,804,390
Operating Lease Liability	<i>Note 10</i>	178,023	175,959
Notes Payable	<i>Note 8</i>	42,854	184,036
Convertible Notes Payable	<i>Note 8</i>	7,330,246	7,209,425
Total Current Liabilities		12,204,013	11,464,973
Long-Term Liabilities:			
Operating Lease Liability, net of current	<i>Note 10</i>	453,578	499,864
Deferred Revenue	<i>Note 11</i>	557,692	561,538
Other Liability		-	10,848
Total Long-Term Liabilities		1,011,270	1,072,250
TOTAL LIABILITIES		13,215,283	12,537,224
MEMBERS' (DEFICIT) EQUITY		(885,869)	(725,720)
TOTAL LIABILITIES AND MEMBERS' EQUITY		\$ 12,329,414	\$ 11,811,504

See The Accompanying Notes To These Combined Financial Statements

MXY HOLDINGS LLC AND AFFILIATES
Combined Statements of Operations and Changes in Members' Equity
For the Quarters Ended March 31, 2019 and 2018

		For The Three Months Ended	
		March 31, 2019	March 31, 2018
Revenues	<i>Notes 2,11</i>	\$ 1,700,070	\$ 1,588,211
Cost of Goods Sold	<i>Notes 2,11</i>	<u>576,597</u>	<u>974,613</u>
Gross Profit		1,123,473	613,598
Operating Expenses:			
General and Administrative	<i>Note 2</i>	1,001,198	520,295
Sales and Marketing	<i>Note 2</i>	128,873	135,525
Depreciation		<u>65,126</u>	<u>25,999</u>
Total Operating Expenses		<u>1,195,197</u>	<u>681,819</u>
Loss from Operations		(71,724)	(68,221)
Other Income (Expense):			-
Interest (Expense), Net		(128,527)	(79,476)
Income (Loss) from Equity in Business Ventures		102,095	(25,627)
Other Income	<i>Note 6</i>	<u>23,444</u>	<u>8,087</u>
Total Other Income (Expense)		<u>(2,988)</u>	<u>(97,016)</u>
Loss Before Provision for Income Tax		(74,712)	(165,237)
Provision for Income Tax		<u>(89,000)</u>	<u>(85,362)</u>
Net Income (Loss)		<u>(163,712)</u>	<u>(250,599)</u>
Members' (Deficit) Equity - as of December 31, 2018		\$ (725,720)	
Vesting of Profit Interest Units		3,563	
Net Loss		(163,712)	
Members' (Deficit) Equity - as of March 31, 2019		\$ (885,869)	

See The Accompanying Notes To These Combined Financial Statements

MXY HOLDINGS LLC AND AFFILIATES
Combined Statements of Cash Flows
For the Quarters Ended March 31, 2019 And 2018

	For The Three Months Ended	
	March 31, 2019	March 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (163,712)	\$ (250,599)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities		
Activities:		
Depreciation	65,126	25,999
Investment Earnings from Business Ventures	(102,095)	25,627
Deferred Revenue	(3,846)	(3,846)
Loss on Sale of Equipment	-	4,167
Profit Interest Compensation	3,563	-
Casualty Loss of Property, Plant and Equipment from Fire	139,165	-
Casualty Loss of Inventory from Fire	19,481	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(167,682)	(109,771)
Inventory	(401,856)	(904,112)
Prepaid and Other Current Assets	201,036	23,519
Right-of-Use Asset	39,095	35,941
Other Assets	45	(43,115)
Accounts Payable	604,848	52,807
Accrued Liabilities	152,489	1,602,308
Accrued Interest - Lease Liabilities	2,449	4,343
Accrued Interest - Notes Payable	120,323	73,125
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	508,429	536,393
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	(125,860)	52,156
Expenditures for Construction in Progress (CIP)	(1,064,350)	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(1,190,210)	52,156
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from TI Building Financing	(10,848)	-
Proceeds from Short Term Debt		38,170
Principal Payments on Short Term Debt	(140,684)	-
Principal payments on Lease Liabilities	(46,671)	(58,131)
Principal Payments on Other Short Term Debt	-	(12,564)
Contributions from members		52,540
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(198,203)	20,015
NET INCREASE IN CASH AND CASH EQUIVALENTS	(879,984)	608,564
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,828,665	82,923
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 948,681	\$ 691,487
<u>Supplemental information:</u>		
1 Interest Paid on Short-Term Debt	\$ 2,035	\$ -
<u>Non-cash transactions:</u>		
1 Proceeds from Convertible Debt used towards purchase of Real Estate	\$ -	\$ 2,961,830
2 Purchase of Real Estate	-	(2,961,830)
3 Commencement of Operating Leases	-	125,505
4 Contributions of equipment and inventory	-	333,485

See The Accompanying Notes To These Combined Financial Statements

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements
For the Quarters Ended March 31, 2019 and 2018

1. NATURE OF OPERATIONS

MXY Holdings and affiliates (the “Company” or “MXY”) are vertically integrated medicinal and recreational cannabis companies based in Long Beach, California holding three California cannabis licenses: production, distribution, and non-storefront retail. Through its California operations, the Company produces high quality medicinal and recreational products, which are sold wholesale to various dispensaries, and retail directly to consumers through its own delivery drivers. The Company offers two well-known brands, Moxie and MX, which are sold through dispensaries in California, Nevada, and Pennsylvania. The Company differentiates itself through the consistent high quality of its brand, availability, and scope of product offering. The combined companies are as follows:

Legal Entity	Business Operations	Year Business Started	State of Domicile
MXY Holdings LLC (“MXY”)	Management Company	2018	DE
Pure CA LLC (“PCA”)	California Manufacturer and Distributor	2018	CA
2990 MLK Jr LLC (“2990”)	California Real Estate Lessor	2018	NV
California Leasing & Consulting LLC (“CLC”)	California equipment lessor	2018	CA
Patrick Clio Equipment, LLC (“PCE”)	California equipment lessor	2015	CA
Seven Ten Holdings, LLC (“STH”)	IP Brand Holder	2015	NV
Seven Ten Management, LLC (“STM”)	Nevada consulting company	2015	NV
Violet Holdings, LLC (“VH”)	New Jersey product advisor	2018	NJ

MXY Holdings, LLC, through contribution agreements, has the right to acquire 100% of Pure CA, LLC, conditional on final regulatory approval, which is anticipated to settle in Q3 2019.

After California legalized cannabis for both medicinal and recreational purposes in 2018, MXY Holdings LLC and its California affiliated companies (2990 MLK Jr LLC, California Leasing & Consulting LLC, Pure CA LLC) continued as the Company’s chief legal entities for the purposes of processing and distributing cannabis products statewide. All affiliates shared some common owners relying upon each other for service and support, including equipment and real estate leasing.

In the state of Nevada, the Moxie founders, through Seven Ten Management LLC, continued working through locally licensed partners during Q1 2019, where the Company had influence on marketing policy, employee selection/management, and oversight on the use of its brand.

The Moxie founders began cultivation, processing and distribution operations with local operators in the state of Pennsylvania in 2018. The Company’s investment in the Pennsylvania operations was held through its individual investors through Q1’2019, the interest of which were eventually rolled up to MXY Holdings by Q2’2019. The Company has included this investment in the combined statements as “Investments, Equity Method”. See Note 6.

From mid-2018 through Q1’2019, the Company used convertible debt to assist with working capital commitments and financing its California construction buildout. While significant efforts were engaged for a legal reorganization to create a consolidated group, that process was not completed until April 2019. At that time, the convertible debt was converted into series C preferred units. See Note 13.

MXV HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

1. NATURE OF OPERATIONS (Continued)

The Company, through its Violet Holdings LLC affiliate, sold its option to acquire real estate in January 2019 after losing a bid on a local license in the state of New Jersey. The sale of the option generated \$300k of revenue, and \$200k of gains. Subsequent to the sale, Violet Holdings entered into an advisory contract with the buyer of the option (also a successful cannabis license recipient) to sell cannabis products under the Moxie brand sharing profits with the license holder. Operations are expected to commence in Q4 2019 and advisory revenue will be recognized accordingly as sales begin.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company has a 7% minority interest in Pura Ohio Processing, LLC. The investment was initiated by partnering with local industry relationships in December 2017 accompanied by a small cash contribution. The Company accounts for the investment using the cost basis. The entity has a calendar year-end and will be taxed as a pass-through organization. Once operational, distributions will be issued on a semi-annual basis with the Company receiving 7% of the overall distribution. In January 2019, Pura Ohio Processing, LLC was awarded a processing license by the state of Ohio, but aside from the license, the legal entity has yet to commence operations through the filing date of this report. Future operations of Pura Ohio are geared towards cannabis processing servicing the Ohio medicinal cannabis market. Before operations commence, financing will need to occur before the facility can be designed and built.

Basis of Preparation

The combined financial statements of the Company at March 31, 2019 and 2018 for the quarters then ended have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The condensed consolidated balance sheet for the year ended December 31, 2018 was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. The information included in this quarterly report should be read in conjunction with the combined financial statements and notes thereto of the Company for the year ended December 31, 2018.

In the opinion of management, these combined financial statements have been prepared on the same basis as the annual combined 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 three months ended March 31, 2019 are not necessarily indicative of the operating results for the year ending December 31, 2019, or any other interim or future periods.

Basis of Combination

The accompanying combined financial statements include entities which are controlled either through common control or common management. Common control exists when the same group of shareholders and/or Board members have the power, directly or indirectly, to govern the financial operating policies of multiple entities and to expose them to the variable returns from their activities. Common management exists when entities operate under the terms of management service agreements that empower the same group of people or entities to directly or indirectly govern the financial and operating policies of multiple entities and to expose them to variable returns from their activities.

MXV HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Controlling Interest

Non-controlling interest represents the portion of equity (net assets) in an entity not attributable, directly or indirectly, to a parent. A non-controlling interest is sometimes called a minority interest and is immaterial at March 31, 2019 and December 31, 2018.

Use of Estimates

Management uses estimates and assumptions in preparing its combined financial statements in accordance with US GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash deposits in financial institutions and other deposits that are readily convertible into cash.

The Company places its cash both with high quality financial institutions and in a private vault and may be redeemed upon demand. The Federal Deposit Insurance Corporation ("FDIC") provides coverage of at least \$250k available to depositors under the FDIC's general deposit insurance rules. From time to time the Company has account balances with its financial institutions that are in excess of the insured amounts given the industry limited access to banking, and, therefore, those excess account balances are uninsured. At March 31, 2019 and December 31, 2018, cash balances in excess of the FDIC insurance limit were approximately \$54k and \$898k, respectively.

Cash that is restricted as to withdrawal or use under the terms of certain contractual agreements are recorded in Restricted Cash on the combined balance sheet. Restricted cash at March 31, 2019 and December 31, 2018 is related to certain debt instruments which required the Company to restrict certain cash amounts to be used for principal and interest pursuant to the debt agreement (See Note 8).

Accounts Receivable

Accounts Receivable are stated at an amount management expects to collect from outstanding balances. The Company recognizes an outstanding receivable when its products are delivered to its customers and risk of product loss is transferred. Payment terms have traditionally been Cash on Delivery (COD), but the evolution of the industry standards has resulted in an increased number of customers which are granted payment terms ranging from net 7 days to net 30 days based on the credit worthiness of the customer and other business factors. Management records an allowance for doubtful accounts based on its assessment of the current status of individual accounts. At March 31, 2019 and December 31, 2018, the allowance for doubtful accounts was approximately \$97k and \$85k, respectively.

MXV HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration Risk

Pure CA LLC, the main California operating entity of the Company, did not have any customers which generated concentration more than 10% of revenue for the quarter ended March 31, 2019. For the quarter ended March 31, 2018, Pure CA LLC had two customers which made up 32% of total revenue for that quarter. The Company had one vendor comprising 34% of total Costs of Goods Sold and Operating Costs for the quarter ended March 31, 2019, and no vendor concentrations for the quarter ended March 31, 2018.

Inventory

Inventory includes cannabis and cannabis-related products and is valued at the lower of cost and net realizable value. Cost is determined using the standard cost method for production and retail inventory, and standards approximate actual cost. Net realizable value is determined as the estimated selling price in the ordinary course of business less estimated costs to sell. Packaging and supplies are initially valued at cost. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventory is written down to net realizable value. For the quarter ended March 31, 2019, the Company wrote off approximately \$20k of inventory as a result of a fire in its California manufacturing facility in February 2019. See Note 7 for more information.

Right-of-use Asset / Lease Liability

The Company adopts Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-02 “Leases (Topic 842)” for its California office headquarters. The Company leases are first evaluated to determine whether they are classified as a finance lease or as an operating lease. A lease is a finance lease if any of the following criteria are met: (a) ownership transfers, (b) the lease includes an option to purchase the underlying asset, (c) the lease term is for the major part of the remaining economic life of the underlying asset, (d) the present value of the lease payments equals or exceeds the fair value of the underlying asset, or (e) the underlying asset is of a specialized nature that is expected to have no alternative use to the lessor at the end of the lease term. All of the Company’s leases are classified as operating leases. Operating leases are considered short-term commitments if the lease term is 12 months or less and does not include a purchase option whose exercise is reasonably certain. If this short-term exemption applies, the lease payments are recognized as expense and no asset or liability is recorded. If the short-term exemption does not apply, the Company records an operating lease right-of-use asset and a corresponding operating lease liability equal to the present value of the lease payments. As the Company’s commercial office leases do not meet the short-term exemption, the present value of the lease payments were recorded as a right-of-use asset with a corresponding lease liability in the combined balance sheet. Rent expense is recognized on a straight-line basis over the life of the lease.

MXV HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method using the following methods and estimated useful lives:

<u>Category</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Manufacturing Equipment	Depreciated Over the Estimated Useful Life of the Asset	5-7 years
Leasehold Improvements	Amortized Over the Life of the Lease or the Estimated Useful Life of the Improvement, Whichever is Less	10 Years
Furniture and Fixtures	Depreciated Over the Estimated Useful Life of the Asset	5 Years
Building	Depreciated Over the Estimated Useful Life of the Asset	40 Years
Automobiles	Depreciated Over the Estimated Useful Life of the Asset	3 Years
Software	Depreciated Over the Estimated Useful Life of the Asset	3 Years

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate. No adjustments were deemed necessary at March 31, 2019 and March 31, 2018. An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the Statement of Operations and Changes in Members' Equity in the year the asset is derecognized.

Depreciation expense for the quarter ended March 31, 2019 and 2018 totaled \$65k and \$26k, respectively.

Repairs and maintenance that do not improve efficiency or extend economic life are charged to expense as incurred. Total repairs and maintenance for the quarters ended March 31, 2019 and 2018 were approximately \$7k and \$21k, respectively.

Capitalized Interest

The Company does not finance Construction in Progress. Accordingly, no interest expense is capitalized.

Impairment of Long-Lived Assets

Long-lived assets such as property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, but no less frequently than annually. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest charges) expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. There were no impairments recorded during the quarters ended March 31, 2019 and 2018.

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management is required to apply judgment in estimating future cash flows as well as asset fair values, including forecasting useful lives of the assets, assessing the probability of different outcomes, and selecting the discount rate that reflects the risk inherent in future cash flows. If the carrying value is not recoverable, the Company assesses the fair value of long-lived assets using commonly accepted techniques, and may use more than one method, including, but not limited to, recent third-party comparable sales and discounted cash flow models. If actual results are not consistent with our assumptions and estimates, or our assumptions and estimates change due to new information, the Company we may be exposed to an impairment charge in the future.

Investment in Business Venture

The Company accounts for investments in entities for which it is able to exercise influence over, but does not control, the investee, and is not the primary beneficiary of the investee's activities. The Company's portion of an equity-method investee's net income or loss is included in other income (loss) in the combined statement of operations. In the event that the cost basis in an investment exceeds the fair value of the underlying business, the Company records an impairment charge to reduce the carrying value to the estimated fair value. See Note 6.

Income Taxes

The Company and most of its affiliates are limited liability companies that have elected to be treated as a partnership for federal income tax purposes. The production affiliate has elected to be treated as a C-corporation. Under federal law, the taxable income or loss of a partnership is allocated to its members.

A C-Corporation, on the other hand is taxed on its taxable income, which for federal basis has 280E limitation, causing a tax assessment on essentially Gross Profit prohibiting the deduction of indirect (non-production) expenses. For state purposes, indirect expenses are permitted deductions.

FASB ASC Topic No. 740, "Accounting for Uncertainty in Income Taxes" ("ASC 740"), clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on de-recognition of tax benefits, classification on the combined balance sheet, interest and penalties, accounting in interim periods, disclosure and transition. The Company did not recognize any tax benefits from uncertain tax positions during the quarters ended March 31, 2019 and 2018.

As the Company operates in the cannabis industry, it is subject to the limits of Internal Revenue Code (IRC) Section 280E under which the Company is only allowed to deduct expenses directly related to the cost of sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. See also Note 12.

Revenue Recognition

In accordance with ASC 606, revenue is recognized at both Pure CA LLC and Seven Ten Management LLC when a company satisfies a performance obligation by transferring a promised good or service to a customer, which occurs when the customer obtains control of that good or service. A contract, whether a verbal or written sales order, is established with customers prior to order fulfillment with agreement upon unit prices, delivery dates, and payment terms. The transaction price is based on market pricing while considering the value of the Moxie brand and quality.

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The transaction price is allocated to each product sold based upon the negotiated unit sales price associated with each product line scheduled for delivery within the order. Satisfaction of our performance obligation occurs upon delivery to the customer's premises, the point of when risk of losses passes onto the customer.

For entities other than Pure CA, LLC, revenue is recognized entirely between the combined affiliates and is eliminated in the combined financial statements.

Legal Entity	Performance Obligation	Written Contract	Transaction Price
MXY Holdings LLC	Management Services	Management services contract	Contractually specified
2990 MLK Jr LLC	Real property lease	Lease Contract	Contractually specified
California Leasing & Consulting LLC	Equipment lease	Lease Contract	Contractually specified
Patrick Clio Equipment, LLC	Equipment lease	Lease Contract	Contractually specified
Seven Ten Holdings, LLC	IP brand license	License Contract	Contractually specified

The Company enters into exclusive distributor and license agreements through Seven Ten Holdings, LLC that are within the scope of ASC Topic 606. The license agreements generate royalties based the negotiated value of the brand IP over a 39-year period, subject to extension. Since the consideration for the initial license fee is for the right to sell the licensed product in the respective territory with no other required conditions to be met, revenue is recognized ratably over the term of the license agreement. For the quarters ended March 31, 2019 and 2018, the Company recognized approximately \$4k and 4K, respectively, of license revenue from a related party.

Cost of Goods Sold

Cost of goods sold (COGS) includes the costs directly attributable to the production of finished goods including raw materials, packaging costs, production labor, and applied overhead. The unit costs of COGS are estimated using standard costing, the basis of which is evaluated at least quarterly, or when there are material changes in the underlying manufacturing costs.

Shipping and Handling

Payments by customers for shipping and handling costs are included in revenue on the combined statements of operations. These costs are included in cost of goods sold. Shipping and handling for inventory is included as a component of inventory in the combined balance sheets, and in COGS in the combined statements of operations when the product is sold.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivables, purchase options, accounts payables and accrued liabilities, and notes payable. The carrying values of these financial instruments approximate their fair values as of March 31, 2019 and December 31, 2018, respectively.

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels during the quarter.

The carrying value of financial assets and liabilities recorded at fair value is measured on a recurring or nonrecurring basis. Financial assets and liabilities measured on a non-recurring basis are those that are adjusted to fair value when a significant event occurs. The Company had no financial assets or liabilities carried and measured on a nonrecurring basis during the reporting periods. Financial assets and liabilities measured on a recurring basis are those that are adjusted to fair value each time a financial statement is prepared. The Company had no financial assets or liabilities carried and measured on a recurring basis during the reporting periods. The carrying value of short-term financial instruments, including cash and cash equivalents, accounts receivable, purchase options, accounts payable and accrued expenses, and short-term borrowings approximates fair value due to the relatively short period to maturity for these instruments. The long-term borrowings approximate fair value since the related rates of interest approximates current market rates.

Related Parties

A party is considered to be related to the Company if the party directly or indirectly or through one or more intermediaries, controls, is controlled by, or is under common control. Related parties also include principal owners, management, members of the immediate families of principal owners and management and other parties if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. A party which can significantly influence the management or operating policies of the transacting parties, or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests, is also a related party.

Debt with Equity-linked Features

The Company may issue debt that has embedded conversion features. When applicable, the Company must first assess whether the conversion feature meets the requirements to be treated as a derivative. If the conversion feature within convertible debt meets this requirement the fair value of the convertible debt derivative is estimated using a Binomial Model, using the value on the date of issuance, the risk-free interest rate associated with the life of the debt, and the estimated volatility of the Company's units. If the conversion feature is not treated as a derivative, it may be a beneficial conversion feature ("BCF"). A BCF exists if the conversion price of the convertible debt instrument is less than the member units on the commitment date.

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

This typically occurs when the conversion price is less than the fair value of the units on the date the instrument was issued. The value of a BCF is equal to the intrinsic value of the feature, the difference between the conversion price and the Members' equity into which it is convertible. In accordance with ASC 470 (Debt) and ASC 505 (Equity), the Company performed such analysis for its convertible notes and determined that such notes are contingently convertible and, accordingly the embedded conversion feature shall not be recognized until the contingencies are resolved (see Note 8).

Derivative Liabilities

The Company evaluates convertible debt features or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under the relevant sections of ASC Topic 815-40, Derivative Instruments and Hedging: Contracts in Entity's Own Equity. This accounting treatment could result in the classification of fair value of a financial instrument as a derivative instrument and is marked-to-market at each combined balance sheet date and recorded as a liability. In this event, that change in fair value is recorded in the combined statement of operations as other income or other expense. Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. Financial instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815-40 are reclassified to a liability account at the fair value of the instrument on the reclassification date. We determined that the embedded conversion feature of the convertible debts meet the definition of a derivative but as the conversion features are contingent (see above), such derivatives are not recognized until such contingencies are resolved.

Share-based Payments

The Company issues profit interest units to its employees which are measured at their estimated fair market value on date of grant based on the estimated price of a unit of profit interest. Historical data and other relevant factors are used to estimate the fair market value. The Company estimated the total fair market value as of the grant date for all profit interest units granted through the quarter ended March 31, 2019 was approximately \$60k. There were no stock based compensation equity grants during the quarter ended March 31, 2018. The estimated fair market value of the profit interest units granted is recognized over their service periods. Management evaluated the profit interest units for debt versus equity classification and determined such units are to be classified as equity.

Sales & Marketing Expense

Advertising, promotional and selling expenses consisted of sales and marketing expenses, and promotional activity expenses. Sales and Marketing expenses mostly relate to event sponsorships and travel/lodging associated with marketing initiatives. Expenses are recognized when incurred and total \$129k and \$136k for the quarters ended March 31, 2019 and 2018, respectively.

General and Administrative Expense

General and administrative expenses consisted of professional service fees, rent and utility expenses, meals, travel and entertainment expenses, and other general and administrative overhead costs. Expenses are recognized when incurred and totaled \$1.0M and \$520k for the quarters ended March 31, 2019 and 2018, respectively.

MXV HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

FASB ASU 2018-07 – “*Compensation – Stock Compensation (Topic 718)*” – In June 2018, the FASB issued ASU 2018-07. This update is intended to reduce cost and complexity and to improve financial reporting for share-based payments issued to non-employees (for example, service providers, external legal counsel, suppliers, etc.). The ASU expands the scope of Topic 718, Compensation—Stock Compensation, which currently only includes share-based payments issued to employees, to also include share-based payments issued to non-employees for goods and services. Consequently, the accounting for share-based payments to non-employees and employees will be substantially aligned. This standard will be effective for financial statements issued by public companies for the annual and interim periods beginning after December 15, 2018. The Company adopted this standard on January 1, 2019, which had no material impact on the combined financial statements and related disclosures.

FASB ASU 2017-04 – “*Simplifying the Test for Goodwill Impairment (Topic 350)*” – In January 2017, the FASB issued 2017-04. The guidance removes “Step Two” of the goodwill impairment test, which required a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit’s carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The ASU is effective for annual reporting periods beginning after December 15, 2019, and for interim periods within those years, with early adoption permitted. Management does not currently expect this ASU to have a significant impact on the combined financial statements and related disclosures.

Non-employee Stock-based Compensation – In June 2018, the FASB issued ASU 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting*, which more closely aligns the accounting for employee and nonemployee stock-based compensation. Under the new standard, companies will no longer be required to value non-employee awards differently from employee awards. This accounting standard update will be effective beginning in the first quarter of fiscal 2020 using a modified retrospective approach. The Company anticipates that the new standard will not materially impact the Company’s combined financial statements.

Fair Value Measurement – In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*, which amends ASC 820, *Fair Value Measurement*. ASU 2018-13 modifies the disclosure requirements for fair value measurements by removing, modifying or adding certain disclosures. The accounting standard update will be effective beginning in the first quarter of fiscal 2021, with removed and modified disclosures to be adopted on a retrospective basis, and new disclosures to be adopted on a prospective basis. The Company is in the initial stages of evaluating the impact of the new standard on its combined financial statements.

3. GEOGRAPHIC BREAKDOWN OF SIGNIFICANT OPERATIONS

The Company’s operating segments are business units that manufacture and sell concentrates, extracts, and other cannabis-related products. These operating segments were determined by location of manufacturing and distribution facilities. Operating segments are defined as components of an enterprise for which separate financial information is available and which is evaluated regularly by Management in determining how to allocate resources and in assessing performance. The Company’s Chief Executive Officer, along with the assistance of the executive management team, has been identified as the chief decision maker. Management directs the allocation of resources to operating segments based on the profitability and cash flows of each respective segment.

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

3. GEOGRAPHIC BREAKDOWN OF SIGNIFICANT OPERATIONS (Continued)

The Company evaluates performance based on operating income. Administrative functions such as finance, treasury, and information systems are centralized. However, where applicable, portions of the administrative function expenses are allocated between the operating segments. The operating segments do not share manufacturing or distribution facilities. In the event any materials and/or services are provided to one operating segment by the other, the transaction is valued according to the company's transfer policy, which approximates market price. The costs of operating the manufacturing plants are captured discretely within each segment. The Company's property, plant and equipment, inventory, and accounts receivable are captured and reported discretely within each operating segment.

Summary financial information for operating segments by geographic location is as follows at March 31, 2019:

	California	Nevada	Other	Eliminations	Total
Gross Revenue	\$ 2,130,502	\$ 61,214	\$ 218,562	\$ (710,208)	\$ 1,700,070
Gross Profit	1,000,427	7,869	218,562	(103,385)	1,123,473
Gross Margin	47%	13%	100%		66%
Selling, General & Admin exp	1,122,335	6,666	35,305	30,891	1,195,197
Operating Income (Loss)	\$ (121,908)	\$ 1,203	\$ 183,257	\$ (134,276)	\$ (71,724)

Summary financial information for operating segments by geographic location is as follows at March 31, 2018:

	California	Nevada	Other	Eliminations	Total
Gross Revenue	\$ 1,972,841	\$ 125,756	\$ 232,049	\$ (742,435)	\$ 1,588,211
Gross Profit	722,745	21,885	186,633	(317,665)	613,598
Gross Margin	37%	17%	80%		39%
Selling, General & Admin exp	684,342	30,893	1,463	(34,879)	681,819
Operating Income (Loss)	\$ 38,403	\$ (9,008)	\$ 185,170	\$ (282,786)	\$ (68,221)

4. INVENTORY

As of December 31, 2018, and March 31, 2019, inventory consisted of:

	March 31, 2019	December 31, 2018
Raw Materials	\$ 528,897	\$ 543,432
Work in Process	1,530,086	1,431,291
Finished Goods	848,217	550,102
Total Inventory	\$ 2,907,200	\$ 2,524,825

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

5. CONSTRUCTION IN PROGRESS (CIP)

CIP consists of initial costs associated with construction of manufacturing facilities, including material, equipment and interest expenses. When CIP is finished the assets will be transferred to facilities assets. No provision for depreciation is made on CIP until such time that the relevant assets are available and ready to use.

In August 2018, the Company, through one of its 2990 MLK Jr LLC affiliate, engaged an outside contractor to buildout its California manufacturing facility in Lynwood, CA. The project is budgeted to complete at a cost of approximately \$4,900,000, with construction projected for completion in August 2019. To date the cost incurred totaled approximately \$2,200,000 with an estimate to complete of approximately \$2,700,000.

Once completed, California cannabis production will transition into the newly renovated 10,600 square foot facility. Amounts payable to the general contractor as of March 31, 2019 is \$690k, and the current retention payable balance is \$147k.

6. INVESTMENTS IN BUSINESS VENTURES

The Company has investments in two private business ventures in the Pennsylvania cannabis market, providing both business and product consulting support as needed to the onsite management team, as well as the license of its Brand, Moxie. The two Pennsylvania based investments include: “Company A”, a cannabis cultivator and processor servicing the Pennsylvania medicinal cannabis market and “Company B”, a real estate and equipment lessor supporting the local cannabis manufacturing operations.

The Company, through contribution agreement, has the right to acquire 17.18% of Company A, conditional on final regulatory approval, and 31.65% of Company B, respectively. Major decisions for both Company A and Company B require the unanimous consent of the respective boards, which involve senior MXY employees on both boards, resulting in MXY’s ability to exercise influence over both entities. Accordingly, the equity method of accounting is the most appropriate method for the Company’s current investment interests. The Company acquired both investments through the use of its brand and processing expertise to local partners in Pennsylvania, along with small cash contributions in Company A and an IP brand contribution in Company B. These investments were established at the formation of Company A in February 2017 and Company B in July 2017. These investments were held through common ownership by Moxie investors who agreed to exchange the investment for equity in MXY Holdings during a legal reorganization completed in April 2019 (see Note 13). A roll forward of the Company’s investments in these entities for the period ended March 31, 2019 is as follows:

	Company A	Company B	Combined
Balance at 12/31/18	\$ (218,570)	\$ 853,765	\$ 635,195
Contributions			-
Allocable share of profits	(52,710)	154,805	102,095
Balance at 3/31/19	\$ (271,280)	\$ 1,008,570	\$ 737,290

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

6. INVESTMENTS IN BUSINESS VENTURES (Continued)

During the quarters ended March 31, 2019 and 2018, the Company, through its Seven Ten Holdings, LLC affiliate, recognized revenue for the use of its IP brand license to Company B of approximately \$4k for each quarter. Moreover, the Company agreed to provide management support such as sales and marketing, operational, and quality control oversight support to Company B during the quarters ended March 31, 2019 and 2018, recognizing revenue of approximately \$108k and \$60k, respectively. Management support fees are billed on a monthly basis, through the quarters ending March 31, 2019 and 2018, at \$36k and \$20k per month, respectively. All management support fees billed were collected as of March 31, 2019.

A summary of unaudited financial information of the unconsolidated business ventures, provided by Company A and Company B, is as follows at March 31, 2019 and March 31, 2018:

	As of March 31, 2019			As of December 31, 2018		
	Company A	Company B	Total	Company A	Company B	Total
Total Assets	3,052,639	13,911,309	16,963,948	3,034,562	13,464,705	16,499,267
Total Liabilities	4,674,540	75,788	4,750,328	4,349,654	1,091,827	5,441,481
Business Venture Equity	(1,621,902)	13,835,521	12,213,620	(1,315,092)	12,372,878	11,057,786
Total Liabilities and Business Venture Equity	<u>\$ 3,052,639</u>	<u>\$13,911,309</u>	<u>\$16,963,948</u>	<u>\$ 3,034,562</u>	<u>\$13,464,705</u>	<u>\$16,499,267</u>

	Quarter-ended March 31, 2019			Quarter-ended March 31, 2018		
	Company A	Company B	Total	Company A	Company B	Total
Net Income/(Loss)	<u>\$ (306,809)</u>	<u>\$ 489,117</u>	<u>\$ 182,308</u>	<u>(122,800)</u>	<u>(14,312)</u>	<u>(137,112)</u>

Summary of MXY's investment in unconsolidated earnings of Business Ventures	17.18%	31.65%		17.18%	31.65%	
	(52,710)	154,805	102,095	(21,097)	(4,530)	(25,627)

The proportionate share of MXY's March 31, 2019 and 2018 earnings was recorded in the Combined Statements of Operations. The Company's policy is that the investment will be reduced below zero at times as management believes the investee operations will ultimately be profitable in the short term and long term. The Company does not believe the investment is impaired nor is the Company obligated to make any capital contributions for its negative investment.

Colombian Investment

During December 2018, the principals of Cannacol S.A.S. (Cannacol), a simplified stock company organized in Colombia and MXY entered into a purchase rights agreement which grants MXY the right to purchase all the outstanding shares of stock of Cannacol for \$450k. Management has determined the estimated fair market value of the rights agreement option was immaterial on the date of grant and March 31, 2019.

The Company has incurred and expensed legal and consulting fees to evaluate this opportunity and to register its seeds within Colombia. In addition, by verbal agreement, MXY Holdings LLC agreed to provide \$5,000 of monthly funding to Cannacol to keep the farm functioning and operational until the option expired. The Company currently has \$26,000 of capitalized costs in Other Current Assets representing the cost to purchase and register cannabis seed in Colombia.

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

6. INVESTMENTS IN BUSINESS VENTURES (Continued)

The Company is not obligated to exercise the purchase right and is in the process of evaluating whether to exercise this right. The rights agreement matures in September 2019.

7. PROPERTY AND EQUIPMENT

In February 2019, the Company, through its Pure CA LLC affiliate, suffered a fire in its California temporary manufacturing facility in Lynwood, California. Inventory with a cost of \$19k and equipment with a cost of \$236k and net book value of \$136k were destroyed. Cleanup costs incurred totaled \$21k.

In May 2019, the Company received \$370k from insurance proceeds related to the above fire resulting in an economic gain of \$39k.

As of March 31, 2019, and December 31, 2018, property and equipment consisted of the following:

	March 31, 2019	December 31, 2018
Manufacturing Equipment	\$ 684,417	\$ 859,411
Office Furniture & Equipment	446,498	438,255
Vehicles	104,837	19,402
 Tenant Improvements	 205,514	 205,514
Building	987,277	987,277
Land	1,974,553	1,974,553
Total Property & Equipment	<u>4,403,096</u>	<u>4,484,411</u>
 Less: Accumulated Depreciation	 (382,571)	 (385,455)
Property & Equipment, Net	<u>\$ 4,020,525</u>	<u>\$ 4,098,956</u>

Depreciation expense of \$65,126 and \$25,999 was recorded for the quarters ended March 31, 2019, and 2018, respectively.

8. NOTES PAYABLE

Convertible Notes

In January 2018, debt financing totaling \$3 million was provided by an outside investor to fund the purchase of the land and real estate for the California manufacturing facility. The initial investment was structured as a secured, convertible debt bearing interest at 7.5% per annum, compounded monthly with a maturity date of March 1, 2018. In June 2018, pursuant to a Settlement and Release Agreement (SRA), the Company and the Note holder agreed to rescind the transaction, resulting in the conversion features being eliminated, the debt being paid in full including interest of \$296,000. The Company incurred legal and other transaction fees of \$563k, of which \$102k was recorded in General and Administrative expenses on the Statement of Operations during the quarter ended March 31, 2019. In connection with the SRA, the Company entered into a note payable of \$563k to settle a portion of the additional fees to be paid over a 10 months period. The note was originally collateralized by a deed of trust on the building purchased. The balance was paid in monthly installments through April 2019, at which time the note was paid in full using the restricted cash described in Note 2. The lien on the building was released once the debt was paid in full.

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

8. NOTES PAYABLE (Continued)

As of March 31, 2019 and December, 31, 2018, convertible notes payable consists of five notes totaling \$7.3M and \$7.2M, respectively, of which accrued interest totaled \$0.3M and \$0.2M, respectively. The two largest note holders are actively participating in management of the Company. The convertible notes accrue interest at a rate of 7% per annum and require principal and interest to be paid by the maturity date or under a conversion event.

The Notes are secured by all of the assets, tangible and intangible, of the Company. No payments were made in the first quarter 2019 relating to convertible debt. The balance of the convertible notes are summarized as follows:

Terms of Convertible Notes

Effective Date	Maturity Date	Annual Interest	Convertible Debt	Accrued Interest 3/31/19	Accrued Interest 12/31/18
June 11, 2018	June 11, 2019	7%	\$ 3,450,000	\$ 193,862	\$ 134,314
June 11, 2018	June 11, 2019	7%	1,200,000	67,430	46,718
October 29, 2018	October 29, 2019	7%	1,620,000	19,573	19,573
October 29, 2018	October 29, 2019	7%	700,000	20,540	8,458
October 29, 2018	October 29, 2019	7%	30,000	880	362
		Total	\$ 7,000,000	\$ 330,247	\$ 209,425

Interest expense for the quarters ended March 31, 2019 and 2018 totaled \$129k and \$79k, respectively.

The lender understands that the notes and the conversion securities have not been will not be registered under the Securities Act and that they are “restricted securities” under applicable US federal and state securities laws. The lender must hold the conversion securities indefinitely unless they are registered with the Securities and Exchange Commission and qualified by state authorities or unless an exemption from such registration and qualification requirements is available

Contingent Conversion

Upon qualified financing (equity sales greater than \$5M), the notes automatically convert to Series C units. In the event a qualified financing does not occur, the note holder may elect by written notice to the Company with 30 days following the maturity date, to convert all unpaid principal payable due into Series C equity of the Company. Whether under a qualified financing or note holder election, all accrued and unpaid interest and the extension fee, if any, shall be immediately due and payable. The number of Series C units issuable are determined by a set formula set out in the convertible debt agreement. As the conversion features are contingent and were not resolved by March 31, 2019, the Company has not recorded the embedded conversion features within the convertible notes in accordance with ASC 470 (Debt). All convertible notes were converted subsequent to March 31, 2019 due to a qualified financing. In exchange for the notes, note holders received 885k Series-C Preferred units. See Note 13.

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

8. NOTES PAYABLE (Continued)

Security Interest, Guarantees and Acceleration on Event of Default

The Company granted lenders a continuing security interest in the collateral of the Company. Any amounts owed to lenders after the effective date shall be secured by the first priority perfected security interest in the collateral of the Company. In addition to the security interest granted, the obligations under these notes shall be guaranteed by the Company. At any time after Lender becomes aware of an Event of Default, the holders may accelerate all of the payment obligations including all outstanding principal, any accrued but unpaid interest, the Extension Fee, if any, and reasonable expenses of collection. In lieu of payment, the Required Holders may alternatively elect to instead convert the Outstanding Balance into a number of Series C Units determined by a set formula set out in the convertible debt agreements. At any time following the occurrence of an Event of Default, interest shall accrue on the Outstanding Balance beginning on the date the applicable Event of Default occurred at an interest rate equal to the lesser of fifteen percent (15%) per annum or the maximum rate permitted under Applicable Law.

Promissory Note

In June 2018, to cover legal fees associated with the buyout of a prior investor (see convertible note extinguished above), the Company entered into a promissory note payable to the investor in the amount of \$563k with simple interest accruing on the outstanding principal balance of the note at an annual rate of 10% from and after June 1, 2018. In accordance with the note, the Company paid \$47k monthly towards principal, and an additional amount for interest depending on the note balance outstanding during the quarter ended March 31, 2019. The final payment on this note, which will equal the entire outstanding principal balance of this note, together with all accrued and unpaid interest thereon will be due and payable on May 1, 2019.

As of March 31, 2019 and December 31, 2018, there was an outstanding note payable to the former member of approximately \$43k and \$184k, respectively. In accordance with the note, the monthly payments required were made and the note was paid in full in April 2019. This outstanding balance is reserved in the restricted cash balance of approximately \$47k and \$191k at March 31, 2019 and December 31, 2018, respectively.

9. MEMBERS' EQUITY (DEFICIT)

The Company's first three affiliates included in this combined statement: Seven Ten Holdings, LLC, Patrick Clio, LLC and Seven Ten Management, LLC, operated in both California and Nevada. These affiliates were owned by the Founders through 2018 and were operated as partnerships.

Pure CA, LLC, the California manufacturing entity, which was formed in 2017, began operations until January 2018, and was a single member LLC owned by 89 Emerald LLC. 2990 MLK JR LLC was also formed in 2017 to acquire real estate for California operations, and was formed as a single member LLC owned by Lams Holdings LLC. California Leasing and Consulting, LLC was formed to be the California equipment lessor owned as a single member LLC with all units owned by one individual investor. The three of these LLC's mentioned were held as nominee interests, whereby the investors agreed to exchange their interest in these entities for the equity to be received in MXY Holdings LLC upon completion of the legal rollup. See Note 13.

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

9. MEMBERS' EQUITY (DEFICIT) (Continued)

MXY Holdings LLC has three classes of equity including Series A, Series B, and Profit Sharing interests. Series A and B have 70.4% and 28.3% of the outstanding equity, respectively as of March 31, 2019. Series A and B members both have two voting board members each on a four-member board of managers. Profit Sharing interests do not participate in voting rights. As Series B members represented the convertible note holders, their consent is required on material decisions affecting the company, such as the adoption of material contracts, materials changes in the scope of Company's business, and corporate refinancing's.

Violet Holdings LLC was formed in July 2018 to acquire processing and cultivation licenses in state of New Jersey. No operations have commenced as of March 31, 2019. MXY Holdings LLC owns, through its affiliate Anacapa NJ, LLC, 62.5% of the Series A Units, with the remainder owned by a related party, who holds a non controlling interest. Currently the board composition has not been determined given that Violet Holdings has yet to commence any significant operations.

The following table describes the ownership of the Company and its Affiliates at March 31, 2019.

Entity	Owner	%
MXY Holdings, LLC	Series A	70.4%
	Series B	28.3%
	Profits Interest - Series B	1.3%
Pure CA, LLC	89 Emerald, LLC	100%
2990 MLK Jr, LLC	Lams Holdings, LLC	100%
Patrick Clio Equipment, LLC	Founders	100%
California Leasing & Consulting, LLC	Individual Investor as Nominee	100%
Seven Ten Holdings, LLC	Founders	100%
Seven Ten Management, LLC	Founders	100%
Violet Holdings, LLC	YOI NJ, LLC	37.5%
	MXY Holdings, LLC	62.5%

No contributions or distributions were made to owners during the quarter ended March 31, 2019. The following table summarizes the changes in equity by individual entity combined within the Company.

	MXY	2990	PCA	PCE	CLC	STM	VH	STH	Total
Balance at 12/31/18	\$ (2,470,773)	\$ (1,277,587)	\$ 1,764,624	\$ 287,369	\$ 368,038	\$ 284,094	\$ (71,040)	\$ 389,555	\$ (725,720)
Vesting of Profit Interest Units	3,563	-	-	-	-	-	-	-	3,563
Net (Loss) Income	(693,616)	(46,179)	578,738	(137,039)	(35,502)	1,346	189,508	(20,967)	(163,712)
Balance at 3/31/19	\$ (3,160,826)	\$ (1,323,766)	\$ 2,343,362	\$ 150,330	\$ 332,536	\$ 285,440	\$ 118,468	\$ 368,588	\$ (885,869)

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

9. MEMBERS' EQUITY (DEFICIT) (Continued)

Share Based Compensation

During the quarter ended March 31, 2019, the Company granted a 42,500 units of Class B Profit Interest to various members of management and consultants, the "Grantees", representing 0.8% of the total equity of the Company at March 2019. The Grantees shall not have any of the rights of a Member with respect to these units unless vested in accordance with the terms of this Agreement. The Profits Interests units require no capital contribution, and only share in future profits and losses, up to previously allocated profits, and the value of liquidation events. MXY Holdings determined that the estimated fair market value of the Profits Interests, using the latest enterprise valuation, granted during the quarter ended March 31, 2019 was approximately \$31k. These Profit Interests vest within 4 years of issuance, or immediately upon a liquidation event. In the event of voluntary termination, or termination with cause, the holder loses all future rights to the unvested Profit Interests. Such Profit Interests were issued in accordance with the terms of the Operating Agreement.

The table below describes the stock-based compensation expense and units issued through the quarter ended March 31, 2019. The Company did not issue any Profits Interest Units prior to Q4'2018.

Employee	Units Granted	Units Vested	Units Unvested	Estimated Market Vaue	Comp Expense	Unrecognized Stock Compensation
PIU Grants, Q1'19	25,000	6,510	18,490	\$18,000	\$3,563	\$14,438
PIU Grants, Q4'18	25,000	4,167	20,833	\$29,750	\$0	\$29,750
PIU Grants, Inception to Date	50,000	10,677	39,323	\$47,750	\$3,563	\$44,188
Outside Advisor	Units Granted	Units Vested	Units Unvested	Estimated Market Vaue	Outside Service Expense	Unrecognized Service Expense
PIU Grants, Q1'19	17,500	-	17,500	\$12,600	\$0	\$12,600
PIU Grants, Inception to Date	17,500	-	17,500	\$12,600	\$0	\$12,600

From the date of grant, the Company will treat the Grantees as the owners of the units when calculating the distributive share of Company income, gain, loss, deduction, and credit in computing the Grantees' income tax liability for the entire period during which the Grantees own the Profits Interest Units. There were no grants of Class B Profits Interest during the quarter ended March 31, 2018.

10. COMMITMENTS AND CONTINGENCIES

Lease Commitments: Right-of-Use Assets

The Company has capitalized operating leases for its corporate offices in accordance with ASC 842. The leases have remaining terms of less than four years expiring in July 2022. As of March 31, 2019 and December 31, 2018, assets recorded under operating leases totaled \$545,922 and \$585,017, respectively, and accumulated amortization associated with these leases totaled \$242,994 and \$203,900, respectively. As of March 31, 2019 and December 31, 2018, operating lease obligations included in other current liabilities totaled \$178,023 and \$175,959, respectively, and operating lease obligations included in other long-term liabilities totaled \$453,578 and \$499,864, respectively. Operating lease expense is recorded in Operating Expenses on the on the Statement of Operations and the components of Operating Lease expense are as follows:

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

10. COMMITMENTS AND CONTINGENCIES (Continued)

	Quarter-ended March 31, 2019	Year-ended December 31, 2018
Operating Lease Cost	\$ 42,728	\$ 168,467
Cash Paid for amounts included in the measurement of Operating Lease Liabilities	\$ 46,671	\$ 181,227
Right of Use Assets obtained in exchange for Operating Lease Obligations	\$ 545,922	\$ 585,017
Remaining lease term	3.4yrs	3.6yrs
Discount rate	2.25%	2.25%

Future obligations of Operating Leases

Minimum Lease Payments are as follows:

2019	\$ 142,348
2020	194,690
2021	200,530
2022	118,998
Total Lease Payments	656,565
Less imputed interest	(24,964)
Operating Lease Liabilities	\$ 631,601
Current Portion of Lease Liabilities	\$ 178,023
Long-Term Portion of Lease Liabilities	\$ 453,578

Minimum lease payments due in 2019 of \$142k reflect balances due from April-December 2019.

Contingencies

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its consolidated operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulation as of March 31, 2019, marijuana regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties or restrictions in the future.

In August 2018, the Company, through one of its affiliates, engaged an outside contractor to buildout its California manufacturing facility in Lynwood, CA. As of August 2019, the buildout plans are pending Los Angeles County Fire review and approval of designated processing equipment. As the construction is estimated for completion in October 2019, the Company faces a potential risk of delayed occupancy until County Fire approval has been granted. The quantification of loss associated with this risk is the loss of potential earnings and suspended manufacturing growth by remaining in the temporary, onsite manufacturing facility longer than anticipated.

MXV HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

10. COMMITMENTS AND CONTINGENCIES (Continued)

The Company engaged the law firm Buchalter, a Professional Corporation, for certain matters in late 2017 and Q1' 2018, including the convertible notes in that same quarter. Buchalter was subsequently replaced as counsel and the Company received invoices over which it initiated an arbitration proceeding disputing such fees and making a claim for damages. Management has a high level of confidence in recouping its expenses and losses. The downside would be paying the invoice in the amount of \$250k or less.

Marijuana is currently a Controlled Substances Act Schedule I drug as defined by federal law and is therefore, considered an illegal activity under federal statute. Civil and criminal punishment can be assessed against the Company and anyone who sells, holds, grows, or imports-controlled substances. Schedule I of the Controlled Substances Act lists drugs, including marijuana, that the federal government has determined to have; 1) a high potential for abuse, 2) no currently accepted medical use in the United States, and 3) lack of safety for use even under medical supervision. Although the United States Department of Justice has been encouraged not to prosecute marijuana distributors who comply with state and local laws, the federal law is still effective and the Drug Enforcement Agency can investigate, and even raid, marijuana business that are legal under state and local statutes and regulations. If this were to occur, the Company would experience a material adverse effect on its financial condition, results of operations, and cash flows.

Some employment contracts and offer letters do provide for severance in the case of involuntary terminations without cause. The severance payouts range from one to six months of base salary. There are no severance commitments and liabilities as of March 2019.

Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of March 31, 2019, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's consolidated operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

11. RELATED PARTY TRANSACTIONS

The Company purchases some packaging on behalf of both its affiliates and investment partners as part of its branding agreements. The Company sold approximately \$138k to its unconsolidated business venture partners during 2019, of which \$10k remains an outstanding receivable as of March 31, 2019. No packaging was sold to affiliates during the first quarter ended March 31, 2018.

The Company provides sales and marketing, operational, and quality oversight support to its business venture, Company B. During the quarters ended March 31, 2019 and 2018, the Company recognized revenue of approximately \$108k and \$60k, respectively, relating to such services provided recorded in Revenue, of which the entire amount was paid in full as of March 31, 2019.

At the start of 2018, the Company acquired \$519k of raw materials and WIP inventory from an entity associated with the Founders. This balance remained open through March 31, 2019 and is included in accrued liabilities in the accompanying combined balance sheet.

MXV HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

11. RELATED PARTY TRANSACTIONS (Continued)

The Company records deferred revenue from an investment partner in connection with an IP License agreement. At March 31, 2019, related party deferred revenue totaled \$573k with \$558k recorded in long-term liabilities and \$15k recorded in short-term accrued liabilities. At December 31, 2018, related party deferred revenue totaled \$576k, with \$562k in long term liabilities and \$15k recorded in short-term liabilities.

Advisory fees are paid to companies who are also principal members in the Company. The balance incurred was approximately \$100k during the quarter ended March 31, 2019, and \$50k during the quarter ended March 31, 2018. The amounts outstanding at March 31, 2019 and December 31, 2018 were \$448k and \$348k, respectively, and is included in the accompanying balance sheet under accrued liabilities.

The table below summarizes the related party activity for the quarter ended March 31, 2019.

Description	Counterparty	Revenue	Expense
IP Licensing Revenue	Company B	4,000	-
Management Fees Earned	Company B	108,000	-
Packaging Revenue	Company A	138,000	(131,100)
Advisory Fees	Members	-	(99,500)
Product Purchases	Members	-	-

The table below summarizes the related party activity for the quarter ended March 31, 2018.

Description	Counterparty	Revenue	Expense
IP Licensing Revenue	Company B	4,000	-
Management Fees Earned	Company B	60,000	-
Advisory Fees	Members	-	(49,750)
Product Purchases	Founders	-	(519,000)
Product Sales	FOB	237,835	-

12. INCOME TAXES

The Company accrued \$89k and \$85k for income taxes in Q1 2019 and Q1 2018, respectively, based on IRC 280E regulations and gross margins.

13. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through August 15, 2019, which is the date these combined financial statements were available to be issued. All subsequent events requiring recognition as of March 31, 2019 have been incorporated into these combined financial statements.

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

13. SUBSEQUENT EVENTS (Continued)

Legal Roll Up

In early April 2019, the Company completed its legal transformation whereby investors of individual affiliate companies exchanged all or part of their equity units in specific LLC's for the equity units of MXY Holdings LLC. The result was the formation of a controlled group with MXY Holdings LLC as the parent company, and former affiliates now became subsidiaries. The new structure simplifies the relationship among the companies for legal, tax, and accounting purposes. Concurrent with the effective date of the legal rollup, the Company converted all remaining wholly owned subsidiaries to c-corporations for tax filing purposes.

Nevada Investment

In late April 2019, the Company executed both an advisory and brand license agreement with the principals of a Nevada company with the licenses to cultivate and produce both recreational and medicinal cannabis products in the state of Nevada. The advisory agreement provides the Company with monthly fees in exchange for managerial assistance on improving the quality of their operations and financial results. A share transfer agreement and a new operating agreement, giving the Company a percentage of equity for the use of its brand and expertise, is anticipated for July 2019 with an effective date back to May 2019.

Capital Raise & Conversion of Convertible Notes

The capital raise was funded in mid-May 2019 totaling \$43M consisting of newly issued convertible debt of \$36M and Series C preferred equity of \$7M. The funding of the capital raise triggered the conversion of existing convertible notes payable into series C preferred units and payoff of the convertible notes accrued interest of \$383,945. The Series C preferred units are at an effective purchase price of \$7.9128 per unit and/or by purchase and sale for cash at a purchase price of \$19.5503 per unit. The units are part of an offering by the company of up to 1,242,694 units resulting from the conversion of the principal outstanding pursuant to the convertible notes and purchase and sale of up to an additional \$7M of units.

Additional funds of \$514,083 were used to pay off some accrued expenses. The remaining funds from the capital raise will be used for company growth initiatives from unrelated third parties.

Formation of MXY Universal, LLC

In May 2019, MXY Universal, LLC was formed for the purpose of manufacturing CBD products for sale to wholesale customers. MXY Universal, LLC is a wholly-owned subsidiary of MXY Holdings, LLC, and commenced operations in June 2019.

Execution of Business Combination Agreement

In July 2019, MXY Holdings LLC entered into a Securities Acquisition and Contribution Agreement with Green Growth Brands Inc ("GGB"). GGB is public company traded on the Toronto Stock Exchange and operates through two principal segments: producing/selling CBD-infused personal care products and cultivation/production/distribution/ retail of cannabis products. The Acquisition Agreement provides for the creation of a Canadian limited partnership, of which GGB as the general partner, which will acquire the operating company of GGB and the outstanding units of MXY. The equity purchase price of \$310 million, satisfied by the issuance of GGB Common Shares or Exchangeable LP Units.

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

13. SUBSEQUENT EVENTS (Continued)

As part of the agreement, MXY has agreed to lend GGB \$5M at an annual interest rate of 6% in order to fund certain pending acquisitions. This loan is scheduled to mature in July 2022. The closing of this transaction is expected to occur within six months, subject to various closing conditions.

The Moxie Agreement may be terminated in certain circumstances including by mutual agreement of the parties; by either party for a significant breach by the other party that would cause the closing conditions not to be met; by either party if the Moxie Business Combination has not been effected by June 30, 2020; by Moxie, if it does not receive a legal opinion from counsel regarding the United States federal income tax consequences of the exchange of certain units of Moxie for Exchangeable LP Units (the “Opinion Termination”); or, by GGB, if GGB enters into an agreement regarding an acquisition transaction (the “Acquisition Termination”). Subject to the terms and conditions set out in the Moxie Agreement, if either party terminates as a result of a significant breach by the other party, the breaching party will pay a termination fee of US\$10,000,000 or if the Moxie Agreement is terminated by Moxie in the event of an Opinion Termination, it will pay GGB a termination fee of US\$10,000,000. If the Moxie Agreement is terminated by GGB in the event of an Acquisition Termination, GGB will pay to Moxie a termination fee of US\$17,500,000. GGB will satisfy payment of its termination fee, in either case, in Common Shares, and Moxie will satisfy payment of its termination fee, in either case, through forgiveness of the Moxie Loan (as defined herein) and a cash payment

Arizona Advisory Fee Agreement

In July 2019, the Company, through its Anacapa AZ, LLC subsidiary, signed an advisory fee agreement with a licensed cultivator and processor in the state of Arizona. The agreement permits the license holder to cultivate and process Moxie products in exchange for a profit sharing on products sold including a management fee. This arrangement will be fully operationalized once the license holder finishes the planned expansion of its operating facility in Q4’ 2019.

GREEN GROWTH BRANDS

Green Growth Brands Inc. (formerly Xanthic Biopharma Inc.)
Pro Forma Consolidated Financial statements of the Combined Company

As at March 31, 2019
(In United States Dollars)

INDEX TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

1. Pro Forma Consolidated Statement of Financial Position
2. Pro Forma Consolidated Statement of Net Loss and Comprehensive Loss
3. Notes to Pro Forma Consolidated Financial Statements

GREEN GROWTH BRANDS INC. (formerly Xanthic Biopharma Inc.)
Pro Forma Condensed Consolidated Statement of Financial Position
As at March 31, 2019
(unaudited)

	GGB 31-Mar-19 (USD)	MXV Holdings 31-Mar-19 (USD)	Notes	Pro forma Adjustments (USD)	Pro forma Consolidated (USD)
Assets					
Current Assets					
Cash and cash equivalents	\$ 5,466,451	\$ 901,537	2 a) b) c) d) e) f) g) h)	\$ 79,853,450	\$ 86,221,438
Restricted cash	-	47,144		-	47,144
Short term investments	28,108,916	-	2 a)	(28,108,916)	-
Receivables	461,495	678,495	2 b)	52,756	1,192,746
Prepays expenses	4,043,829	94,741	2 e)	13,467	4,152,037
Inventory	6,207,027	2,907,200	2 b) e)	549,269	9,663,496
Biological assets	500,521	-	2 b)	2,363,623	2,864,144
Note receivable	46,370	-		-	46,370
Other receivables	1,044,911	-		-	1,044,911
Deferred lease charges	727,518	-		-	727,518
Due from related parties	30,366	-	2 b)	(3,990)	26,376
	46,637,404	4,629,117		54,719,660	105,986,181
Non-Current Assets					
Property and equipment, net	3,931,168	4,020,525	2 b) e)	3,521,676	11,473,369
Deposits and other assets	3,184,233	-	2 b)	(1,000,000)	2,184,233
Deferred lease charges	2,788,819	-		-	2,788,819
Construction in progress	-	2,228,715		-	2,228,715
Investments in joint ventures	-	737,290		-	737,290
Right-of-use assets	-	545,922		-	545,922
Deferred tax assets	-	107,608		-	107,608
Other assets	-	60,237	2 e)	19,338	79,575
Note receivable	21,109,553	-		-	21,109,553
Intangible assets	39,477,074	-	2 b) e) f) h)	303,568,500	343,045,574
Goodwill	26,332,480	-	2 b)	60,744,190	87,076,670
	\$ 143,460,731	\$ 12,329,414		\$ 421,573,364	\$ 577,363,509
Liabilities					
Current Liabilities					
Accounts payable and accrued liabilities	\$ 7,238,703	\$ 4,652,890	2 b) e) h)	\$ 5,986,698	\$ 17,878,291
Income taxes payable	287,978	-		-	287,978
Operating lease liability	-	178,023		-	178,023
Note payable	15,553,728	42,854	2 a) e)	14,032,070	29,628,652
Derivative liability	-	-	2 d)	3,830,821	3,830,821
Convertible debenture	-	7,330,246	2 d) f)	70,292,795	77,623,041
	23,080,409	12,204,013		94,142,384	129,426,806
Long-term liabilities					
Convertible debenture	-	-		17,200,000	17,200,000
Operating lease liability - non current	-	453,578		-	453,578
Deferred revenue	-	557,692		-	557,692
	-	1,011,270	-	17,200,000	18,211,270
Shareholders' Deficiency					
Share Capital	137,135,288	-	2 a) c) f) g) h)	348,002,833	485,138,121
Reserve for warrants	16,830,281	-	2 c) e) g)	(4,563,417)	12,266,864
Reserve for share based payments	1,702,983	-		-	1,702,983
Reserve for changes in equity of subsidiary	(2,837,500)	-		-	(2,837,500)
Deficit	(35,409,880)	(885,869)	2 a) d) f) h)	(33,208,436)	(69,504,185)
Accumulated other comprehensive loss	148,286	-		-	148,286
	117,569,458	(885,869)		310,230,980	426,914,569
Non-controlling interest	2,810,864	-		-	2,810,864
Total equity	120,380,322	(885,869)		310,230,980	429,725,433
	\$ 143,460,731	\$ 12,329,414		\$ 421,573,364	\$ 577,363,509

The accompanying notes are an integral part of these pro forma consolidated financial statements.

GREEN GROWTH BRANDS INC. (formerly Xanthic Biopharma Inc.)
Pro Forma Condensed Consolidated Statement of Net Income (Loss) and Comprehensive Income (Loss)
For the three months ended March 31, 2019
(unaudited)

	GGB 31-Mar-19	MXY Holdings 31-Mar-19	Notes	Pro forma Adjustments	Pro forma Consolidated
	(USD)	(USD)		(USD)	(USD)
Revenues	\$ 5,554,684	\$ 1,700,070		\$ -	\$ 7,254,754
Cost of goods sold	5,475,201	576,597		-	6,051,798
Gross Profit before fair value adjustments	79,483	1,123,473		-	1,202,956
Fair value change in biological assets included in inventory sold and other charges	932,191	-		-	932,191
Unrealized gain on changes in fair value of biological assets	(961,185)	-		-	(961,185)
Gross Profit	108,477	1,123,473		-	2,164,141
Operating expenses					
General and Administration	8,183,025	1,001,198	2 f)	500,000	9,684,223
Legal and professional fees	6,167,722	-		-	6,167,722
Sales and marketing	1,909,345	128,873		-	2,038,218
Stock based compensation	1,515,343	-		-	1,515,343
Depreciation and amortization	379,356	65,126		-	444,482
Other income	(1,058,785)	(23,444)		-	(1,082,229)
	17,096,006	1,171,753		500,000	18,767,759
Non-operating expenses					
Loss (gain) on equity investment	-	-		-	-
Interest expense	355,230	128,527	2 d)	61,322	545,079
Income from equity in joint ventures	-	(102,095)		-	(102,095)
Foreign exchange loss (income)	(393,077)	-		-	(393,077)
Unrealized/Realized gain on short term investments	(10,464,853)	-	2 a)	6,586,313	(3,878,540)
Transaction costs	8,651,438	-		-	8,651,438
Total Expenses	(15,136,267)	(74,712)		(7,147,635)	(21,426,423)
Listing and transaction fees	-	-		-	-
Net Income (Loss) before income taxes	(15,136,267)	(74,712)		(7,147,635)	(21,426,423)
Income taxes	287,978	89,000		-	376,978
	(15,424,245)	(163,712)		(7,147,635)	(21,803,401)
Other comprehensive Income (Loss)					
Exchange gain on translating foreign operations	-	-		-	-
Comprehensive Income (Loss) for the period	(15,424,245)	(163,712)		(7,147,635)	(21,803,401)
Net Loss and comprehensive loss attributable to:					
Owners of the parent	(15,410,051)	(163,712)		(7,147,635)	(22,721,398)
Non-controlling interest	(14,194)	-			(14,194)
	(15,424,245)	(163,712)		(7,147,635)	(22,735,592)
Net Income (loss) per common share					
Basic	(0.07)	n/a			(0.06)
Diluted	(0.07)	n/a			(0.06)
Weighted average number of shares outstanding					
Basic	205,498,545	n/a			358,113,167
Diluted	205,498,545	n/a			358,113,167

The accompanying notes are an integral part of these pro forma consolidated financial statements.

GREEN GROWTH BRANDS INC. (formerly Xanthic Biopharma Inc.)
Pro Forma Condensed Consolidated Statement of Net Income (Loss) and Comprehensive Income (Loss)
For the nine and twelve months ended March 31, 2019 and December 31, 2018
(unaudited)

		GGB 31-Mar-19	MXY Holdings 31-Dec-18	Notes	Pro forma Adjustments	Pro forma Consolidated
		(USD)	(USD)		(USD)	(USD)
Revenues	\$	8,555,129	\$ 5,534,034		-	\$ 14,089,163
Cost of goods sold		8,495,909	2,661,957		-	11,157,866
Gross Profit before fair value adjustments		59,220	2,872,077		-	2,931,297
Fair value change in biological assets included in inventory sold and other charges		1,525,861	-		-	1,525,861
Unrealized gain on changes in fair value of biological assets		(1,718,749)	-		-	(1,718,749)
Gross Profit		252,108	2,872,077		-	3,124,185
Operating expenses						
General and Administration		15,215,085	3,790,399		-	19,005,484
Legal and professional fees		10,224,614	-	2 f)	500,000	10,724,614
Sales and marketing		3,092,399	592,228		-	3,684,627
Stock based compensation		1,702,983	-		-	1,702,983
Depreciation and amortization		581,917	222,680		-	804,597
Other income		(1,067,021)	(219,653)		-	(1,286,674)
		29,749,977	4,385,654		500,000	34,635,631
Non-operating expenses						
Loss (gain) on equity investment		671,578	-		-	671,578
Interest expense		2,242,825	546,048	2 d)	61,322	2,850,195
Income from equity in joint ventures		-	(207,311)		-	(207,311)
Foreign exchange loss (income)		348,337	-		-	348,337
Unrealized/Realized gain on short term investments		(10,964,926)	-	2 a)	6,586,313	(4,378,613)
Transaction costs		9,651,438	-		-	9,651,438
Total Expenses		(31,447,121)	(1,852,314)		(7,147,635)	(40,447,070)
Listing and transaction fees		699,190	-		-	699,190
Net Income (Loss) before income taxes		(32,146,311)	(1,852,314)		(7,147,635)	(41,146,260)
Income taxes		663,596	233,839		-	897,435
		(32,809,907)	(2,086,153)		(7,147,635)	(42,043,695)
Other comprehensive Income (Loss)						
Exchange gain on translating foreign operations		148,286	-		-	148,286
Comprehensive Income (Loss) for the period		(32,661,621)	(2,086,153)		(7,147,635)	(42,191,981)
Net Loss and comprehensive loss attributable to:						
Owners of the parent		(32,634,985)	(2,086,153)		(7,147,635)	(41,868,773)
Non-controlling interest		(26,636)	-		-	(26,636)
		(32,661,621)	(2,086,153)		(7,147,635)	(41,895,409)
Net Income (loss) per common share						
Basic		(0.22)	n/a			(0.13)
Diluted		(0.22)	n/a			(0.13)
Weighted average number of shares outstanding						
Basic		147,855,104	n/a			317,755,993
Diluted		147,855,104	n/a			317,755,993

The accompanying notes are an integral part of these pro forma consolidated financial statements.

1. Background and basis of presentation

Background

On November 9, 2018, the company announced it had completed the previously announced business combination between Xanthic Biopharma Inc. (“Xanthic”) and Green Growth Brands Ltd. (“GGB”, and collectively with Xanthic the “Company”). The Company received listing approval on November 7, 2018 and commenced trading on the Canadian Securities Exchange (the “CSE”) on November 13, 2018 under the symbol “GGB”. For more information on this business combination and the subsequent listing on CSE see the Company’s listing statement as filed on www.sedar.com.

The Company’s registered office is 5300 Commerce Court West, 199 Bay Street, Toronto, ON, M5L 1B9 and its principal place of business is 4300 E. Fifth Avenue, Columbus, OH 43219.

Description of the Transaction

On July 8, 2019 GGB entered into a securities acquisition and contribution agreement (the “Moxie Agreement”) with, among others, Moxie Holdings LLC (“Moxie”), under which GGB LP, of which GGB will be the general partner, will acquire the operating companies of GGB and the issued and outstanding units of Moxie, an arm’s length third party, in an all-equity interest transaction. As part of the Moxie Business Combination, GGB will also be directly or indirectly acquiring shares of MXY C, INC. (“MXY C”) and MXY D, INC. (“MXY D”), Delaware entities within the Moxie structure, and Moxie’s equity interests in two entities, PurePenn LLC and Pure CA, LLC (collectively, the “Pure Entities”), with which Moxie has current contribution agreements (subject to regulatory approval).

The Moxie Business Combination is structured to include the formation of GGB LP, a new Ontario limited partnership of which GGB will be the general partner, with the operating companies of GGB being placed under the partnership (the “Reorganization”). The equity consideration of the Moxie Business Combination is \$310,000,000 (the “Equity Consideration”). Payment of the Equity Consideration will be satisfied through the issuance of Common Shares and/or exchangeable limited partnership units in GGB LP (“Exchangeable LP Units”) as follows: (i) through the issuance of Common Shares to the shareholders of MXY C and MXY D; (ii) through the issuance of either Common Shares and/or Exchangeable LP Units to the unitholders of Moxie; and (iii) through the issuance of Exchangeable LP Units to the holders of the Pure Entities (or, in the alternative, Moxie may acquire the interest in the Pure Entities for units in the capital of Moxie, prior to the closing of the Moxie Business Combination). The Exchangeable LP Units are exchangeable into Common Shares on a one-for-one basis for no additional consideration; however, the Exchangeable LP Units may not be exchanged for Common Shares for the first year following the closing of the Moxie Business Combination.

The total number of securities issuable as payment under the Moxie Business Combination is equal to that number determined by dividing the Equity Consideration by the 30-day volume-weighted average price (“VWAP”) of Common Shares ending on the third trading day prior to the closing (the “Closing VWAP”) (but in no case will the Closing VWAP be less than \$2.07 or greater than \$3.45 (being the equivalent to CAD\$2.71 and CAD\$4.52, based on the Bank of Canada exchange rate as of July 5, 2019)).

Basis of presentation

The accompanying unaudited pro forma condensed consolidated statement of financial position as at March 31, 2019, the unaudited pro forma condensed interim consolidated statement of comprehensive income (loss) for the three months ended March 31, 2019, and the unaudited consolidated statement of comprehensive income (loss) for the nine months ended March 31, 2019 of the Company were prepared to reflect the Company’s proposal to purchase all of Moxie’s issued and outstanding common shares.

The unaudited pro forma condensed consolidated statement of financial position and the unaudited pro forma condensed consolidated statements of comprehensive income (loss) of the Company are comprised of information from:

- the unaudited interim consolidated statement of financial position of GGB as at March 31, 2019;
- the unaudited interim consolidated statement of financial position of Moxie as at March 31, 2019;
- the unaudited interim consolidated statement of comprehensive income (loss) of GGB for the three months ended March 31, 2019;
- the unaudited interim consolidated statement of comprehensive income (loss) of Moxie for the three months ended March 31, 2019;
- the unaudited consolidated statement of comprehensive income (loss) of GGB for the nine months ended March 31, 2019;
- the audited consolidated statement of comprehensive income (loss) of Moxie for the period ended December 31, 2018;

The unaudited pro forma condensed consolidated financial statements do not include all of the information disclosures required by International Financial Reporting Standards (“IFRS”) and should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements as at and for the three and nine months ended March 31, 2019, the audited consolidated financial statements of the Company for the year ended June 30, 2018, the unaudited interim consolidated financial statements of Moxie as at and for the three months ended March 31, 2019, and the audited consolidated financial statements of Moxie for the year ended December 31, 2018.

The unaudited pro forma condensed consolidated statement of financial position gives effect to the proposed acquisition of Moxie as if it had occurred on March 31, 2019. The unaudited pro forma condensed consolidated statements of comprehensive loss for the three months ended March 31, 2019 and the nine and twelve months ended March 31, 2019 and December 31, 2018, respectively give effect to the proposed acquisition as if it had occurred at July 1, 2018.

The accounting policies used in the preparation of the unaudited pro forma condensed consolidated financial statements are consistent with those described in the unaudited consolidated financial statements of the Company for the three and nine months ended March 31, 2019. Certain historical Moxie amounts have been reclassified to conform to the Company’s presentation.

The unaudited pro forma condensed consolidated financial statements are not necessarily indicative of the results of operations that would have occurred had the acquisition of Moxie been affected on the dates indicated, nor are the unaudited pro forma condensed consolidated financial statements indicative of future periods. Actual amounts recorded upon consummation of the proposed acquisition will differ from such unaudited pro forma condensed consolidated financial statements. Since the pro forma condensed consolidated financial statements have been developed to retroactively show the effect of a transaction that is expected to occur at a later date (even though this was accomplished by following generally accepted practice and using reasonable assumptions), there are limitations inherent in the very nature of such pro forma data.

2. Pro Forma Adjustments and Assumptions

The unaudited pro forma interim consolidated statement of financial position of the Company as at March 31, 2019 has been adjusted to reflect the following transactions as if the acquisition of Moxie had been completed on March 31, 2019:

- On May 16, 2019, the Company announced that it had completed the previously announced repurchase of 27,300,000 Common Shares held by GA Opportunities Corp. (“GAOC”) for aggregate consideration of \$67,516,310 (CAD\$89,000,000), or at a discounted price of approximately \$3.26 per Common Share (the “GAOC Repurchase”), representing approximately 13% of outstanding Common Shares. The aggregate consideration was satisfied by delivery of a secured promissory note (“GAOC Note”) in the principal amount of \$29,585,798 (CAD\$39,000,000) and cash in the amount of \$37,930,512 (CAD\$50,000,000). The GAOC Note is payable on November 15, 2019 and bears interest at 3% per annum.

Subsequent to March 31, 2019, the Company's short-term investment, which was held in Aphria shares in connection with the Aphria takeover bid had declined by \$6,586,313. The proceeds of sale of its holdings in Aphria stock were used to fund a portion of the repurchase of the Company stock.

- b) On December 12, 2018, the Company entered into definitive agreements to acquire a Pahrump, Nevada cultivation facility operated by Wellness Orchards of Nevada LLC ("WON") and Panorama WON LLC ("Panorama") for a total purchase price of US\$13,372,162. On May 17, 2019, the Company announced it had closed on this acquisition. WON currently operates a 12,000 square foot cannabis cultivation facility in Pahrump, Nevada while Panorama owns the real property and assets upon which the cultivation facility operates. The transaction closed on May 16, 2019.
- c) Subsequent to March 31, 2019, 50,000 stock options, 19,097 proportionate voting warrants and 2,925,228 warrants were exercised for gross proceeds of \$16,559,520. In addition, the Company awarded 500,000 common shares and 500,000 common share purchase warrants to Arc Retail Concepts Ltd. on May 21, 2019 for advisory services provided in connection with the Company's retail distribution strategy. Further certain 212,636 restricted share units vested to certain directors and 382,169 deferred shares were cancelled.
- d) On May 17, 2019, the Company announced that it had raised gross proceeds of \$45,500,000 (CAD\$61,200,000) pursuant to a private placement convertible debt in the form of 15% secured convertible debentures (the "Debentures") at a price of CAD\$1,000 per Debenture and with a conversion price equivalent to CAD\$7.00 per Common Share (the "Debenture Financing"). The net proceeds of the Debenture financing will be used for general corporate and working capital purposes. Each Debenture has a maturity date of May 17, 2020 (the "Maturity Date") and is convertible, in certain circumstances, into Proportionate Voting Shares at a conversion price per Proportionate Voting Share equal to CAD\$3,500.00 (being equivalent to CAD\$7.00 per Common Share) divided by the Canadian-US exchange rate on the business day prior to conversion (the "Conversion Price"). Interest on the Debentures accrues daily and is payable to the holders thereof initially on November 17, 2019 and the balance on the Maturity Date. For accounting purposes, it was determined that the conversion feature did not meet the fixed for fixed criteria under IFRS and therefore the Company bifurcated \$3,830,821 portion associated with the conversion feature.
- e) On June 24, 2019 with the members of Henderson Organic, pursuant to which the Henderson Warrant exercisable to acquire an aggregate of 7,609,746 Common Shares at an exercise price of \$3.16 per Common Share was cancelled and replaced with a new common share purchase warrant, exercisable to acquire an aggregate of 3,973,230 Common Shares, at an exercise price of CAD\$3.03 per Common Share (the "Revised Henderson Warrant"), with the difference to be satisfied via a cash payment in the amount of \$8,979,500 (the "HOR Cash Payment"). The parties also amended the Loan to provide a maturity date of August 28, 2019. In consideration with the amendment to the maturity date of the Loan, the Company agreed to pay \$1,000,000 to the members of Henderson Organic as a nonrefundable advance on the HOR Cash Payment. A portion of the net proceeds of this Offering will be used to pay the HOR Cash Payment.

In addition, in connection with closing on August 28, 2019, the Company will repay the note payable in connection with the acquisition of Nevada Organic Remedies ("NOR") for \$15,485,000 plus accrued interest. A portion of the net proceeds of this Offering will be used to pay the NOR acquisition note payable.

- f) On July 29, 2019, the Company announced that it executed an amendment (the "Spring Oaks Amendment") to the Spring Oaks definitive agreement dated June 3, 2019. Pursuant to the Spring Oaks Amendment, the purchase price for the shares of capital stock of Spring Oaks of approximately \$54,650,000 (CAD\$72,039,630), subject to certain post-closing purchase price adjustments, shall be satisfied by the Company through a combination of: (i) a previously paid deposit of \$1,350,000 (CAD\$1,779,570) (the "Deposit"); (ii) a cash payment at closing of \$2,000,000 (CAD\$2,636,400), subject to certain post-closing purchase price adjustments (the "Closing Cash Consideration"); (iii) a cash payment of \$3,000,000 (CAD\$3,954,600) on or before August 31, 2019 (the "Deferred Cash Consideration"); (iv) the issuance of 7,133,297 Common Shares (the "Consideration Shares") to the owners of Spring Oaks representing an aggregate amount of \$17,100,000 (CAD\$22,541,220), at a price of \$2.35 (CAD\$3.16) per Consideration Share; (v) the issuance of 8,094,210 Common Shares (the "Additional Consideration Shares") to the owners

of Spring Oaks representing an aggregate amount of \$14,000,000 (CAD\$18,454,800), at a price of \$1.72 (CAD\$2.28) per Additional Consideration Share; (vi) the issuance of a two-year convertible secured promissory note in the aggregate principal amount of \$11,400,000 (CAD\$15,027,480) (the “Two-Year Note”); and (vii) the issuance of a one-year convertible secured promissory note in the aggregate principal amount of \$5,800,000 (CAD\$7,645,560) (the “One-Year Note”).

In connection with the anticipated closing of the Spring Oaks Acquisition, the Company intends to pay a fee of \$500,000 (CAD\$659,100) to Jeremy Giles in full satisfaction and settlement of certain finder services performed on the Company’s behalf (the “Giles Fee”). The Giles Fee will be paid through (i) a cash payment in the amount of \$250,000 (CAD\$329,550) and (ii) the issuance of Common Shares in the aggregate amount of \$250,000 (CAD\$329,500), at a price of \$1.72 (CAD\$2.28) per Common Share, representing the closing market price of a Common Share on the CSE on the trading day immediately prior to the date of the Spring Oaks Announcement. On closing of the Spring Oaks Acquisition, the Company also entered into a consulting services agreement with Jeremy Giles for governmental relations services.

- g) On July 23, 2019, the Company announced bought deal public offering led by Canaccord Genuity Corp for an aggregate of 20,500,000 units at a price of CAD\$2.45 per unit. Each unit comprised of one common share and one half of on common share purchase warrant (“Warrant”) of the Company. Each full Warrant will entitle the holder thereof to acquire one common share of the Company (a “Warrant Share”) at a price of \$3.50 per Warrant Share, subject to adjustment in certain events, for a period of 3 years following the closing date. The Company has estimated the net proceeds after commission of 7% and professional fees of CAD\$1,000,000 to be \$34,675,504 (CAD\$45,709,250) excluding overallotment option by the underwriters.

Moxie business combination

- h) On July 9, 2019, the Company announced that it had entered into a securities acquisition and contribution agreement, dated July 8, 2019, with, among others, MXY Holdings LLC (“Moxie”) under which a new Ontario limited partnership (“GGP LP”), of which GGB will be the general partner, will acquire the operating companies of GGB and the issued and outstanding units of Moxie, an arm’s length third party, in an all-equity interest transaction (the “Moxie Business Combination”). As part of the Moxie Business Combination, GGB will also be directly or indirectly acquiring shares of MXY C, Inc. and MXY D, Inc., Delaware entities within the Moxie structure, and Moxie’s equity interests in two entities, PurePenn LLC and Pure CA, LLC, with which Moxie has current contribution agreements (subject to regulatory approval). The equity purchase price of the Moxie Business Combination is \$310,000,000 and will be satisfied through the issuance of either Common Shares and/or exchangeable limited partnership units in GGB LP. Closing of the Moxie Business Combination is expected to occur prior to January 2020 and remains subject to the satisfaction of various closing conditions, including receipt of all necessary regulatory approvals for the transfer of the cannabis-related licenses of Moxie by local and state authorities in each of the markets where Moxie’s assets and licenses are held; approval from the CSE for the listing of Common Shares issuable in connection with the Moxie Business Combination (including the Common Shares issuable upon the exchange of the exchangeable limited partnership units in GGB LP); that all required securityholder approval for Moxie, MXY C, Inc. and MXY D, Inc. is received and certain pre-closing transactions have been effected; that certain lock-up agreements have been entered into; there has been no material adverse effect in respect of either Moxie or the Company; and, that all documents required in connection with the transfer of Moxie, MXY C, Inc. and MXY D, Inc. securities have been delivered to the Company. There are no assurances that the Moxie Business Combination will be completed, or if completed, will be on the terms that are exactly the same as disclosed in this Prospectus.

In addition, subsequent to March 31, 2019 Moxie completed a capital raise totaling \$43,000,000 consisting of \$36,000,000 in convertible debenture and a Series C preferred shares of \$7,000,000. In addition, the existing \$7,000,000 convertible debentures were converted to Series C preferred shares as well.

The Moxie business combination will be accounted for as a business combination under IFRS 3. The estimated fair value of net assets acquired, and consideration paid for 100% ownership of Moxie is allocated as follows 80% in intangible assets and 20% in goodwill.

The Company plans to complete an independent valuation analysis on closing of the transaction at which time the allocation of the purchase price will determine the split between intangible assets and goodwill.

The goodwill associated with the Acquisition includes the expected synergies to be realized between Moxie and the Company including increased production capacity, immediate distribution access to over 250 dispensaries, and target revenue and profitability growth. Management reasonably believes that Moxie's potential large-scale access to multiple states that the Company currently does not have access. In addition, the Company sees synergies on supply chain efficiencies and increase scale of sourcing CBD materials.

Moxie produces cannabis concentrates and related products across multiple markets. Moxie is an MSO with distribution (or future distribution), either directly or indirectly through affiliates or investees, in California, Arizona, Nevada, Pennsylvania New Jersey and Ohio markets and its products are distributed in over 250 dispensaries across the United States. Moxie is recognized by its peers in cannabis, winning close to 100 industry awards over the years, including Brand of the Year at the 2018 California Cannabis Awards. Moxie's newest product, the DART vaporizer, won first place at the recent 2019 High Times SoCal Cannabis Cup with its Piña Colada flavor.

By using FDA grade standard operating procedures and strict safety standards in their facilities and with a genetics library consisting of hundreds of strains, Moxie provides customers with high-quality recreational and medical cannabis products. Moxie offers live resin vape cartridges, CBD vape cartridges, liquid Moxie vape cartridges and pre-rolled joints. As Moxie builds out its capacity, it will be employing its know-how and genetic library to continue to strive to be a leading product innovator.

3. Pro Forma Shareholders' equity

(Expressed in United States dollars)

(Expressed in United States dollars)

Note	Reserves											Changes in Equity of subsidiaries	Earnings (Deficit)	Non-controlling Interest	Accumulated Other Comprehensive loss	Total
	Common Shares	Proportionate Shares	Share Capital	Share based Payments		Warrants		Proportionate Warrants								
				#	\$	#	\$	#	\$							
GGB's Balance at March 31, 2019		188,212,278	40,698	\$137,135,288	2,745,000	\$1,702,983	25,663,581	\$13,236,973	19,097	\$3,593,308	\$(2,837,500)	\$ (35,409,880)	\$ 2,810,864	\$ 148,286	\$120,380,322	
GAOC share buyback	2 a)	(27,300,000)	-	(40,569,640)	-	-	-	-	-	-	-	(33,532,983)	-	-	(74,102,623)	
Warrant and option exercises and granted	2 c)	3,305,695	19,097	20,812,787	(50,000)	-	(2,425,228)	(659,959)	(19,097)	(3,593,308)	-	-	-	-	16,559,520	
Convertible Debenture financing	2 d)	-	-	-	-	-	-	-	-	-	-	(61,322)	-	-	(61,322)	
HOR acquisition	2 e)	-	-	-	-	-	(3,636,516)	(3,575,967)	-	-	-	-	-	-	(3,575,967)	
Spring Oaks acquisition	2 f)	23,636,740	-	31,350,000	-	-	-	-	-	-	-	(500,000)	-	-	30,850,000	
Bought deal financing	2 g)	20,500,000	-	31,409,687	-	-	10,250,000	3,265,817	-	-	-	-	-	-	34,675,504	
Moxie acquisition	2 h)	149,758,454	-	304,999,999	-	-	-	-	-	-	-	-	-	-	304,999,999	
Balance after GGB RTO		358,113,167	59,795	485,138,121	2,695,000	1,702,983	29,851,837	12,266,864	-	-	(2,837,500)	(69,504,185)	2,810,864	148,286	429,725,433	

CERTIFICATE OF THE COMPANY

August 15, 2019

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation in each of the provinces of British Columbia, Alberta, Ontario and Nova Scotia.

(signed) "*Peter Horvath*"

Peter Horvath
Chief Executive Officer

(signed) "*Brian Logan*"

Brian Logan
Chief Financial Officer

On behalf of the Board of Directors:

(signed) "*Tim Moore*"

Tim Moore
Director

(signed) "*Carli Posner*"

Carli Posner
Director

CERTIFICATE OF THE UNDERWRITERS

August 15, 2019

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation in each of the provinces British Columbia, Alberta, Ontario and Nova Scotia.

CANACCORD GENUITY CORP.

(signed) *"Steve Winokur"*
Managing Director

EIGHT CAPITAL

(signed) *"Patrick McBride"*
Principal, Head of Origination

CORMARK SECURITIES INC.

(signed) *"Alfred Avanesy"*
Managing Director

GMP SECURITIES L.P.

(signed) *"Kyle Gould"*
Managing Director

PARADIGM CAPITAL INC.

(Signed) *"Kevin O'Flaherty"*
Managing Director

BEACON SECURITIES LIMITED

(signed) *"Mario Maruzzo"*
Managing Director

HAYWOOD SECURITIES INC.

(signed) *"Campbell Becher"*
Managing Director

CERTIFICATE OF THE PROMOTERS OF THE COMPANY

August 15, 2019

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation in each of the provinces of British Columbia, Alberta, Ontario and Nova Scotia.

ALL JS GREENSPACE LLC

(signed) *"Ben Kraner"*

Manager

CHIRON VENTURES INC.

(signed) *"Adam Arviv"*

President and Secretary

Exhibit H

EXHIBIT "H"

referred to in the Affidavit of

RAYMOND C. WHITAKER III

Sworn May 19, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

Chiron Ventures Inc.

CONFIDENTIAL

August 14, 2019

Green Growth Brands Inc. (the "**Company**")
4300 East 5th Avenue
Columbus, Ohio 43215

Attention: Peter Horvath

Ladies and Gentlemen:

In connection with the Company's agreement with a group of investment dealers, led by Canaccord Genuity Corp. (the "**Underwriters**"), to sell to the Underwriters, on a bought deal basis pursuant to the filing of a short form prospectus, an aggregate of 20,500,000 units of the Company at a price of C\$2.45 per unit for aggregate gross proceeds to the Company of C\$50,225,000 (the "**Offering**"), pursuant to a prospectus substantially in the form attached as Exhibit A hereto (the "**Prospectus**"), All Js Greenspace LLC ("**Investor**", or "**we**" or "**our**") is pleased to advise you of its commitment (the "**Commitment**") to subscribe for and purchase up to US\$10,000,000, in the aggregate, of newly issued 8% secured convertible debentures (the "**Debentures**") at a price of US\$1,000 per Debenture and with a conversion price equivalent to C\$2.45 per common share (the "**Investment**") in accordance with the terms, and subject to the conditions, of this letter agreement (this "**Commitment Letter**").

Each Debenture, if and when issued, will have a maturity date of 12 months from the date of issuance (the "**Maturity Date**") and will be convertible upon the election of the Investor at any time up to and including the Maturity Date into common shares of the Company (the "**Common Shares**") at a conversion price per Common Share equal to C\$2.45 per Common Share divided by the Canadian-US exchange rate on the business day prior to conversion (the "**Conversion Price**"). Interest on the Debentures will accrue daily and will be payable on the Maturity Date. On the Maturity Date the principal amount of the Debentures shall be payable by the Company in cash (together with all accrued interest payable thereon) or, at the option of Investor, in Common Shares at the Conversion Price, without adjustment for interest accrued on the Debentures or for dividends or distributions on the Common Shares issuable upon conversion, all subject to the terms and conditions to be set forth in the definitive form of Debenture to be issued by the Company in form and substance satisfactory to the Investor and the Company, acting reasonably. The obligations of the Company under the Debentures will be secured by a general security agreement over all of the Company's applicable present and after-acquired personal property and will be subordinate to the Company's existing secured debt.

The Company shall be entitled to require, upon approval of the board of directors following a request by the Chief Executive Officer of the Company, the Investor to fulfill its Commitment for a period of 12 months (the "**Term**") following completion of the Offering as follows:

- (a) as to up to US\$6,737,500, in the event the Company's existing principal amount US\$45.5 million (C\$61,233,100) 15% convertible secured debenture cannot be extended or refinanced prior to the maturity date thereof; and

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(b) as to up to US\$3,262,500, in the event the Company requires capital to fund operations during the Term.

In consideration of the Commitment hereunder, promptly following the completion of the Offering, you hereby agree to pay to Investor a non-refundable commitment fee of US\$500,000 ("**Commitment Fee**"), payable through the issuance of Common Shares at a price equal to the closing market price of the Common Shares on the trading day immediately prior to such issuance, divided by the Canadian-U.S. exchange rate on the business day immediately prior to such issuance.

You agree to promptly reimburse Investor on demand for all reasonable out-of-pocket fees and expenses (including legal fees and expenses incurred in connection with due diligence) incurred by or on behalf of Investor and its affiliates (other than you and your subsidiaries) prior to, on or after the date hereof in connection with the Investment and the preparation, negotiation and execution of any related documentation, including this Commitment Letter and the Debenture. The Company's reimbursement obligations under this paragraph shall remain effective whether or not the Debentures are purchased and notwithstanding any termination or expiration of this Commitment Letter.

You agree that Investor will act under this Commitment Letter as an independent contractor and that nothing in this Commitment Letter will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between Investor, on the one hand, and you, your equityholders or your subsidiaries and affiliates, on the other hand. You acknowledge and agree that (a) the transactions contemplated by this Commitment Letter are arm's-length commercial transactions between Investor, on the one hand, and you, on the other, (b) in connection therewith and with the process leading to such transaction, Investor is acting solely as a principal and not as an agent or fiduciary of you, your management, equityholders, creditors, subsidiaries, affiliates or any other person, (c) Investor has not assumed an advisory or fiduciary responsibility or any other obligation in favor of you or your affiliates with respect to the Investment, the exercise of the remedies with respect thereto or the process leading thereto (irrespective of whether Investor has advised or is currently advising you or any of your or their respective affiliates on other matters) and Investor has no obligation to you, or your or their respective affiliates with respect to the transactions contemplated hereby except the obligations to you expressly set forth in this Commitment Letter and (d) Investor has not provided any legal, accounting, regulatory or tax advice and you have consulted your own legal and financial advisors to the extent you deemed appropriate.

You agree that you will not disclose, directly or indirectly, this Commitment Letter or the contents hereof, or the activities of Investor pursuant hereto, to any person or entity without Investor's prior written approval (such approval not to be unreasonably withheld, delayed or conditioned), except (a) if Investor consents in writing to such proposed disclosure or (b) pursuant to an order of any court or administrative agency or in any pending legal, judicial or administrative proceeding, or otherwise as required by applicable law, rule or regulation or compulsory legal process or to the extent requested or required by governmental and/or regulatory authorities, in each case based on the reasonable advice of your legal counsel (in which case you agree, to the extent practicable and not prohibited by applicable law, rule or regulation, to inform us promptly thereof prior to disclosure); provided that you may disclose the Commitment Letter and its contents to the extent required in connection with any public or regulatory filing requirement with respect to the Offering (provided that Investor shall have the right to review and comment on any such disclosure, and all such comments shall be accepted unless you can establish that such comments would make the disclosure inaccurate in any material respect) and applicable securities laws. The parties hereby acknowledge that this Commitment Letter will be required to be disclosed to the

Ontario Securities Commission (as the Company's principal regulator), disclosed and described in the Prospectus and will be filed with the applicable securities regulatory authorities and on SEDAR following execution hereof in connection with the Offering.

The Commitment, and the obligations of the Investor hereunder will terminate and be of no further force or effect upon the occurrence of a Company Change of Control. For purposes of this Commitment, "**Company Change of Control**" means the occurrence of any one or more of the following (a) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition as a result of which any person or group of persons acting jointly or in concert, other than the Investor and his/her associates, become the holders of fifty (50%) percent or more of the common shares (calculated on a fully diluted as converted basis) of Company (other than solely involving the Corporation and one or more of its affiliates); (b) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of all or substantially all of the property or assets of the Company on a consolidated basis, other than a disposition to an affiliate of the Company; (c) a resolution is adopted to wind-up, dissolve or liquidate the Company or (d) any person, entity or group of persons acting jointly or in concert (the "**Acquiror**") acquires or acquires control (including, without limitation, the right to vote or direct the voting) of voting securities of the Company which, when added to the voting securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or associates and/or affiliates of the Acquiror to cast or to direct the casting of 50% or more of the votes attached to all of the Company's outstanding voting securities which may be cast to elect directors of the Company or the successor corporation (regardless of whether a meeting has been called to elect directors)

The confidentiality provisions set forth in this Commitment Letter shall survive the termination of this Commitment Letter.

Neither party may assign its rights or obligations under this Commitment Letter or designate another individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or any other entity or organization (each, a "**Person**") (a) to perform all or part of its obligations under this Commitment Letter or (b) to have all or part of its rights and benefits under this Commitment Letter, in each case without the prior written consent of you and Investor; provided that Investor may assign its rights and obligations under this Commitment Letter to one or more of its affiliates without your prior written consent. In the event of any assignment in accordance with the terms of this Commitment Letter, the assignee shall specifically assume and be bound by the provisions of this Commitment Letter by executing a written agreement to be bound by and subject to the provisions of this Commitment Letter and shall deliver an executed counterpart signature page to this Commitment Letter and, notwithstanding such assumption or agreement to be bound hereby by an assignee, no such assignment shall relieve any party assigning any interest hereunder from its obligations or liability pursuant to this Commitment Letter; provided however, that Investor shall be relieved of its obligations and liabilities to the extent such assigned commitment is actually funded.

All notices, demands and other communications hereunder shall be in writing and shall be deemed given if delivered personally (notice deemed given upon receipt), by email transmission (notice deemed given upon confirmation of receipt) or sent by a nationally recognized overnight courier service, such as Federal Express (notice deemed given upon receipt of proof of delivery), to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to Investor, to:

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Chiron Ventures Inc.
Attention: Adam Arviv
Email: arvivadam@gmail.com

If to the Company, to:

Green Growth Brands Inc.
4300 East 5th Avenue
Columbus, Ohio 43215
Attention: Peter Horvath
Email: phorvath@greengrowthbrands.com

This Commitment Letter and the commitments and agreements hereunder are intended to be solely for the benefit of the parties hereto and do not and are not intended to confer any benefits upon, or create any rights in favor of, any Person other than the parties hereto. This Commitment Letter may not be amended or any provision hereof waived or modified except by an instrument in writing signed by Investor and you. This Commitment Letter may be executed in any number of counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one agreement. Delivery of an executed counterpart of a signature page of this Commitment Letter by facsimile transmission or other electronic transmission (i.e., a "pdf" or "tif") shall be effective as delivery of a manually executed counterpart hereof. This Commitment Letter (a) is the only agreement that has been entered into among the parties hereto with respect to Investor's commitments with respect to the Investment and (b) supersedes all prior understandings, whether written or oral, among us with respect to the Investment and sets forth the entire understanding of the parties hereto with respect thereto.

EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY OR ON BEHALF OF ANY PARTY RELATED TO OR ARISING OUT OF THIS COMMITMENT LETTER OR THE TRANSACTIONS CONTEMPLATED HEREBY.

This Commitment Letter shall be governed by, and construed and interpreted in accordance with, the laws in force in the Province of Ontario, including the federal laws of Canada applicable therein.

If the foregoing correctly sets forth our agreement, please indicate your acceptance of the terms of this Commitment Letter by returning to Investor (or its legal counsel), executed counterparts hereof not later than 11:59 p.m., Toronto time, on August 13, 2019 (or such later date as Investor may agree in writing). Investor's commitments and obligations hereunder will expire at such time in the event that Investor has not received such executed counterparts in accordance with the immediately preceding sentence. If you do so execute and deliver to us this Commitment Letter at or prior to such time, we agree to hold our commitment to provide the Investment and our other undertakings in connection therewith available for you until the earliest of (a) termination of, or failure to complete, the Offering, (b) a Company Change of Control and (c) the expiry of the Term. Upon the occurrence of any of the events referred to in the preceding sentence, this Commitment Letter and Investor's commitment hereunder shall automatically terminate unless Investor shall agree to an extension in writing.

Without limiting any conditions set forth herein, in the event that, during the period between the date hereof and the termination of all purchase or sale obligations hereunder, the number or class of any

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outstanding shares of the Company's capital stock is changed into a different number or a different class of shares as a result of a reclassification, stock split (including a reverse stock split), stock dividend, recapitalization or other similar transaction, then the share and dollar amounts set forth herein shall be equitably adjusted, without duplication, to reflect such change.

[Signature Page Follows]

Very truly yours,

CHIRON VENTURES INC.

By:


Name: Adam Arviv
Title: President and Secretary

Accepted and agreed to as of the date first above written:

GREEN GROWTH BRANDS INC.

By: _____

Name: Peter Horvath

Title: Chief Executive Officer

Exhibit A

Prospectus

[See attached]

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories, possessions or the District of Columbia (the "United States") or to a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act) (a "U.S. Person") unless exemptions from the registration requirements of the U.S. Securities Act and any applicable state securities laws are available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States or to, or for the account or benefit of, any U.S. Person. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Green Growth Brands Inc. at 4300 East Fifth Ave., Columbus, Ohio 43219, telephone (647) 495-8798, and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

NEW ISSUE

August 15, 2019



GREEN GROWTH BRANDS INC.

\$50,225,000

20,500,000 Units

This short form prospectus (the "**Prospectus**") qualifies the distribution (the "**Offering**") of units (the "**Offered Units**") of Green Growth Brands Inc. (the "**Company**" or "**GGB**") at a price of \$2.45 per Offered Unit (the "**Offering Price**") for aggregate gross proceeds of \$50,225,000. Each Unit consists of one common share in the capital of the Company (a "**Unit Share**") and one half of one common share purchase warrant of the Company (each full warrant, a "**Warrant**"). Each Warrant will entitle the holder thereof to acquire one common share of the Company (a "**Warrant Share**") at a price of \$3.50 per Warrant Share, subject to adjustment in certain events, for a period of 3 years following the Closing Date (as hereinafter defined). The Warrants will be issued pursuant to, and governed by, a warrant indenture to be entered into on the Closing Date (the "**Warrant Indenture**") between the Company and Capital Transfer Agency, ULC (the "**Warrant Agent**").

The Offered Units are being issued pursuant to an underwriting agreement dated July 29, 2019 (the "**Underwriting Agreement**") by and among the Company, Canaccord Genuity Corp. ("**Canaccord**"), as lead underwriter, Eight Capital, Cormark Securities Inc., GMP Securities L.P., Paradigm Capital Inc., Beacon Securities Limited and Haywood Securities Inc. (collectively with Canaccord, the "**Underwriters**").

Under certain circumstances, the Underwriters may offer the Offered Units at a lower price than the Offering Price. See “Plan of Distribution”.

The Company’s common shares (the “**Common Shares**”) are traded on the Canadian Securities Exchange (“**CSE**”) under the symbol “GGB” and are also listed on the US OTC Venture Market (the “**OTCQB**”) under the symbol “GGBXF”. On July 8, 2019, the last trading day prior to the announcement of the Moxie Business Combination (as defined herein), the closing price of the Common Shares on the CSE was \$3.18 and the closing price of the Common Shares on the OTCQB was US\$2.44. On July 23, 2019, the last trading day prior to the announcement of the Offering, the closing price of the Common Shares on the CSE was \$2.69 and the closing price of the Common Shares on the OTCQB was US\$2.02. On August 14, 2019, the last trading day before the date of this Prospectus, the closing price of the Common Shares on the CSE was \$1.97 and the closing price of the Common Shares on the OTCQB was US\$1.48. The Company has given notice to list the Unit Shares, the Warrant Shares and the Warrants on the CSE. Listing will be subject to the Company fulfilling all the listing requirements of the CSE.

There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased under this Prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation. See “Risk Factors”.

Each of All Js Greenspace LLC, Peter Horvath, Brian Logan, Jean Schottenstein, Steve Stoute and Marc Lehmann, is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, as the case may be, and has appointed the Company at its registered office set forth below as its agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the person has appointed an agent for service of process.

The registered office of the Company is c/o 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario, M5L 1B9 and the head office of the Company is 4300 East Fifth Ave., Columbus, Ohio 43219.

Price: \$2.45 per Offered Unit

	Price to the Public ⁽¹⁾	Underwriter’s Fee ⁽²⁾	Net Proceeds to the Company ⁽³⁾
Per Offered Unit	\$2.45	\$0.1715	\$2.2785
Total Offering	\$50,225,000	\$3,515,750	\$46,709,250

Notes:

- (1) The Offering Price was determined by arm’s length negotiation between the Company and the Underwriters with reference to the prevailing market price of the Common Shares.
- (2) The Company has agreed to pay the Underwriters a cash fee (the “**Underwriters’ Fee**”) equal to 7% of the gross proceeds from the Offering (including any gross proceeds raised on exercise of the Over-Allotment Option (as defined below)). See “*Plan of Distribution*”.
- (3) After deducting the Underwriters’ Fee, but before deducting the expenses of the Offering (estimated to be approximately \$1,000,000), which will be paid from the proceeds of the Offering.
- (4) The Underwriters have been granted an over-allotment option, exercisable, in whole or in part, at the sole discretion of the Underwriters, for a period of thirty (30) days from and including the Closing Date (as defined herein), to purchase up to an additional 3,075,000 additional Offered Units (the “**Over-Allotment Units**”) at the Offering Price to cover the Underwriters’ over-allocation position, if any, and for market stabilization purposes (the “**Over-Allotment Option**”). The Over-Allotment Option may be exercised by the Underwriters to acquire: (i) up to an additional 3,075,000 Over-Allotment Units at the Offering Price; (ii) up to 3,075,000 additional Unit Shares (the “**Over-Allotment Shares**”) at a price of \$2.24 per Over-Allotment Share (the “**Over-Allotment Share Price**”); (iii) up to 1,537,500 additional Warrants (the “**Over-Allotment Warrants**”) at a price of \$0.42 per Over-Allotment Warrant (the “**Over-Allotment Warrant Price**”); or (iv) any combination of Over-Allotment Units at the Offering Price, Over-Allotment Shares at the Over-Allotment Share Price and Over-Allotment Warrants at the Over-Allotment Warrant Price, provided that the aggregate number of Over-Allotment Shares which may be issued under the Over-Allotment Option does not exceed 3,075,000 Over-Allotment Shares and the aggregate number of Over-Allotment Warrants which may be issued under the Over-Allotment Option does not exceed 1,537,500 Over-Allotment Warrants. The Over-Allotment Option is exercisable by the Underwriters giving notice to the Company in the time herein provided, which notice shall specify the number of Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants to be purchased. If the

Over-Allotment Option is exercised in full, the total “Price to the Public”, “Underwriter’s Fee” and “Net Proceeds to the Company” will be \$57,758,750.00, \$4,043,112.50 and \$53,715,637.50, respectively. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Over-Allotment Units, Over-Allotment Shares or Over-Allotment Warrants forming part of the Underwriters’ over-allocation position acquires those Over-Allotment Units, Over-Allotment Shares or Over-Allotment Warrants under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution”.

The following table sets out the maximum number of securities under options issuable to the Underwriters in connection with the Offering:

Underwriter’s Position	Maximum Number of Securities	Exercise Period	Exercise Price
Over-Allotment Option ⁽¹⁾	3,075,000 Over-Allotment Units	For a period of 30 days from and including the Closing Date	\$2.45 per Over-Allotment Unit \$2.24 per Over-Allotment Share \$0.42 per Over-Allotment Warrant

Note:

(1) This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of all securities issuable thereunder. See “*Plan of Distribution*”.

Unless the context otherwise requires, when used herein, all references to “Offered Units” include the Over-Allotment Units issuable upon exercise of the Over-Allotment Option, all references to “Unit Shares” include the Over-Allotment Shares issuable upon exercise of the Over-Allotment Option, all references to “Warrants” include the Over-Allotment Warrants issuable upon exercise of the Over-Allotment Option and all references to “Warrant Shares” include the Common Shares issuable upon exercise of the Over-Allotment Option.

The Underwriters propose to offer the Offered Units initially at the Offering Price. After the Underwriters have made commercially reasonable efforts to sell all of the Offered Units at the Offering Price, the Offering Price may be decreased, and further changed from time to time, to an amount not greater than the Offering Price, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers of Offered Units is less than the gross proceeds to be paid by the Underwriters to the Company. Subject to applicable laws and in connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Offered Units at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “*Plan of Distribution*”.

Canaccord and/or its affiliates from time to time have provided in the past, and may provide in the future, investment banking, financial advisory, broker-dealer and commercial banking services to the Company and its subsidiaries and affiliates in the ordinary course of business for which they have received, or may receive, customary fees and commissions, including in connection with Canaccord providing financial advisory services and a fairness opinion as part of the Moxie Business Combination. **Accordingly, the Company may be considered a “connected issuer”, as such term is defined in National Instrument 33-105 – *Underwriting Conflicts*, of Canaccord for the purposes of applicable securities legislation in each of the provinces of Canada. See “*Plan of Distribution*”. Other than the Underwriters Fee to be allocated to the Underwriters pursuant to the terms of the Underwriting Agreement (as defined herein), the proceeds of the Offering will not be allocated or applied, directly or indirectly, for the benefit of Canaccord. The decision to offer Offered Units was made solely by the Company and the terms upon which the Offered Units are being offered were determined by arm’s length negotiations between the Company and the Underwriters.**

Investing in the Offered Units involves certain risks that should be considered by a prospective purchaser including those risks inherent to the industries in which the Company operates. The risk factors identified under the heading “*Risk Factors*” in this Prospectus and in other documents incorporated herein by reference, should be carefully reviewed and evaluated by prospective purchasers before purchasing the Offered Units being

offered hereunder.

The Underwriters, as principal, conditionally offer the Offered Units, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under *“Plan of Distribution”*, and subject to the approval of certain legal matters on behalf of the Company by Stikeman Elliott LLP and on behalf of the Underwriters by DLA Piper (Canada) LLP.

Subscriptions for the Offered Units will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about August 21, 2019, or such other date as may be agreed upon by the Company and the Underwriters, but in any event not later than forty-two (42) days after the date of the receipt for the (final) short form prospectus (the **“Closing Date”**).

It is anticipated that the Offered Units will be delivered under the book-based system through CDS Clearing and Depository Services Inc. (**“CDS”**) or its nominee and deposited in electronic form. A purchaser of Offered Units will receive only a customer confirmation from the registered dealer from or through which the Offered Units are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Offered Units on behalf of owners who have purchased Offered Units in accordance with the book-based system. No definitive certificates will be issued unless specifically requested or required. See *“Plan of Distribution”*.

This Prospectus qualifies the distribution of securities of an entity that currently derives, directly, a substantial portion of its current revenues from the cannabis industry in certain U.S. states, which industry is illegal under U.S. Federal law and enforcement of relevant laws is a significant risk. The Company is directly involved (through its licensed subsidiaries) in the adult-use cannabis industry in the States of Nevada and Massachusetts which states have regulated such industries. Currently, the Company is directly engaged in, or pursuing operations regarding, the cultivation, possession, use, sale and distribution of medical and adult-use cannabis in such states. As a result of the recent closing of the Spring Oaks Acquisition (as defined herein), the Company is also directly engaged in the sale of medical cannabis in the State of Florida. The State of Florida has not legalized the adult-use of cannabis.

On July 9, 2019, the Company announced that it had entered into a securities acquisition and contribution agreement, dated July 8, 2019, with, among others, MXY Holdings LLC (**“Moxie”**) under which a new Ontario limited partnership (**“GGP LP”**), of which GGB will be the general partner, will acquire the operating companies of GGB and the issued and outstanding units of Moxie, an arm’s length third party, in an all-equity interest transaction (the **“Moxie Business Combination”**). As part of the Moxie Business Combination, GGP LP will also be directly or indirectly acquiring shares of MXY C, INC. and MXY D, INC., Delaware entities within the Moxie structure, and Moxie’s equity interests in two entities, PurePenn LLC and Pure CA, LLC, with which Moxie has current contribution agreements (subject to regulatory approval). Moxie is a multistate operator with distribution (or future distribution), either directly or indirectly through affiliates or investees, in the California, Nevada, Arizona, Pennsylvania, New Jersey and Ohio markets and its products are distributed in over 250 dispensaries across the United States. Closing of the Moxie Business Combination is expected to occur prior to January 2020 and remains subject to the satisfaction of various closing conditions, including receipt of all necessary regulatory approvals for the transfer of the cannabis-related licenses of Moxie by local and state authorities in each of the markets where Moxie’s assets and licenses are held. There are no assurances that the Moxie Business Combination will be completed, or if completed, will be on the terms that are exactly the same as disclosed in this Prospectus. Upon closing of the Moxie Business Combination, the Company will be directly or indirectly through affiliates or investees engaged, as applicable, in the wholesale and retail medical and adult-use markets in the States of California, Nevada, Arizona, Pennsylvania, New Jersey, Ohio, Florida and Massachusetts. See *“Recent Developments”*, *“The Moxie Business Combination”* and *“Risk Factors”*.

The United States federal government regulates drugs through the Controlled Substances Act (21 U.S.C. § 811) (the **“CSA”**), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under

medical supervision. The United States Food and Drug Administration has not approved marijuana as a safe and effective drug for any indication.

In the United States, marijuana is largely regulated at the State level. State laws regulating cannabis are in direct conflict with the federal CSA, which makes cannabis use and possession federally illegal. Although certain states authorize medical or adult-use cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal, and any such acts are criminal acts under federal law. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and, in case of conflict between federal and State law, the federal law shall apply. Third party service providers could suspend or withdraw services as a result of the Company operating in an industry that is illegal under United States federal law.

On January 4, 2018, then United States Attorney General Sessions issued a memorandum (the “Sessions Memo”) to all United States Attorneys which rescinded previous guidance from the U.S. Department of Justice specific to cannabis enforcement in the United States, including the Cole Memo (as defined herein). With the Cole Memo rescinded, and United States federal prosecutors having no further guidance relating to prosecution of cannabis-related violations of U.S. federal law, discretion on whether or not to prosecute such alleged violations has reverted to each respective U.S. Attorney to make such a determination. In the absence of such uniform federal guidance, as had been established by the Cole Memo, numerous United States Attorneys with state-legal marijuana programs within their jurisdictions have announced enforcement priorities for their respective offices. For instance, Andrew Lelling, United States Attorney for the District of Massachusetts, stated that while his office would not immunize any businesses from federal prosecution, he anticipated focusing the office’s marijuana enforcement efforts on: (1) overproduction; (2) targeted sales to minors; and (3) organized crime and interstate transportation of drug proceeds. Other United States Attorneys provided less assurance, promising to enforce federal law, including the CSA in appropriate circumstances. United States Attorney General Sessions resigned on November 7, 2018. He was replaced by William Barr on February 14, 2019. It is unclear what specific impact this development will have on U.S. federal government enforcement policy as the Department of Justice under Mr. Barr has not taken a formal position on federal enforcement of laws relating to cannabis. However, during his confirmation, and in response to written inquiries by U.S. Senators, Mr. Barr stated that “[he does] not intend to go after parties who have complied with state law in reliance on the Cole Memorandum.” Mr. Barr has also stated that, while his preference would be to have a uniform federal rule addressing cannabis; absent such a uniform position, his preference would be to permit the existing federal approach of allowing individual states or territories to determine cannabis policy and to trust the judgment of U.S. prosecutors on how to enforce U.S. federal law. If the Department of Justice policy under Attorney General Barr was to prosecute cannabis-related business, including but not limited to any investors, financiers, employees, officers and managers, and United States Attorneys followed such Department of Justice policies through pursuing prosecutions, then the Company could face (i) seizure of its cash and other assets used to support or derived from its cannabis operations and (ii) the arrest of its employees, directors, officers and managers. There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends U.S. federal law with respect to cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current U.S. federal law. If the United States federal government begins to enforce United States federal laws relating to cannabis in states where the sale and use of cannabis is currently legal under state law, or if existing applicable state laws are repealed or curtailed, the Company’s business, results of operations, financial condition and prospects would be materially adversely affected.

Although the Cole Memo has been rescinded, one legislative safeguard for the medical marijuana industry remains in place: Congress has passed a so-called “rider” provision in the FY 2015, 2016, 2017 and 2018 Consolidated Appropriations Acts 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. The rider is known as the “Rohrabacher-Farr” Amendment after its original lead sponsors (it is also sometimes referred to as the “Rohrabacher-Blumenauer” or “Joyce-Leahy” Amendment, but

it is referred to in this Prospectus as “Rohrabacher-Farr”). Most recently, the Rohrabacher-Farr Amendment (now known colloquially as the “Joyce-Leahy Amendment” after its most recent sponsors) was included in the Consolidated Appropriations Act of 2019, which was signed by President Trump on February 14, 2019 and funds the departments of the federal government through the fiscal year ending September 30, 2019. In signing the Act, President Trump issued a signing statement noting that the Act “provides that the Department of Justice may not use any funds to prevent implementation of medical marijuana laws by various States and territories,” and further stating “I will treat this provision consistent with the President’s constitutional responsibility to faithfully execute the laws of the United States.” While the signing statement can fairly be read to mean that the executive branch intends to enforce the CSA and other federal laws prohibiting the sale and possession of medical marijuana, the President did issue a similar signing statement in 2017 and no major federal enforcement actions followed. The Rohrabacher-Farr Amendment expires on September 30, 2019. See *“Regulatory Overview – Federal Regulatory Environment”*. The latest iteration of the Rohrabacher-Farr Amendment (referred to as the “Blumenauer-McClintock-Norton Amendment”), which was adopted by the U.S. House of Representatives on June 20, 2019, would extend the requirements of the Rohrabacher-Farr Amendment to all states and tribal lands with legal marijuana regulations, not only those where medical marijuana is legal.

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

Marijuana remains a Schedule I controlled substance at the federal level, and neither the Cole Memo nor its rescission nor the continued passage of the Rohrabacher-Farr Amendment has altered that fact. The federal government of the United States has always reserved the right to enforce federal law in regard to the sale and disbursement of medical or adult-use marijuana, even if state law sanctions such sale and disbursement. If the United States federal government begins to enforce United States federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Company’s business, results of operations, financial condition and prospects would be materially adversely affected.

Additionally, under United States federal law, it may potentially be a violation of federal anti-money laundering statutes for financial institutions to take any proceeds from the sale of any Schedule I controlled substance. Due to the CSA categorization of marijuana as a Schedule I drug, federal law makes it illegal for financial institutions that depend on the Federal Reserve’s money transfer system to take any proceeds from marijuana sales as deposits. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses under the United States Currency and Foreign Transactions Reporting Act of 1970 (the “Bank Secrecy Act”) as amended by Title III of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001*. Therefore, under the Bank Secrecy Act, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be charged with money laundering or conspiracy. Despite the absence of express banking protections under U.S. federal law, the FinCEN Guidance (as described herein), which was adopted by the U.S. Department of the Treasury in 2014 and remains in place presently, advised prosecutors not to focus their enforcement efforts on banks and other financial institutions that serve marijuana-related businesses so long as that business is legal in their state and none of the federal enforcement priorities referenced in the Cole Memo are being violated.

The Company’s objective is to capitalize on the opportunities presented as a result of the changing regulatory environment governing the cannabis industry in the United States. Accordingly, there are a number of significant risks associated with the business of the Company. Unless and until the U.S. Congress amends the CSA with

respect to adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law, and the business of the Company may be deemed to be producing, cultivating, extracting, or dispensing cannabis or aiding or abetting or otherwise engaging in a conspiracy to commit such acts in violation of federal law in the United States.

In light of the political and regulatory uncertainty surrounding the treatment of United States cannabis related activities, on February 8, 2018, the Canadian Securities Administrators published CSA Staff Notice 51-352 – *(Revised) Issuers with U.S. Marijuana-Related Activities* (the “Staff Notice 51-352”) setting out the Canadian Securities Administrator’s disclosure expectations for specific risks facing issuers with cannabis related activities in the United States. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with United States cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the United States cannabis industry. The Company is directly involved in the cultivation and distribution of cannabis in the United States for purposes of Staff Notice 51-352.

For these reasons, the Company’s involvement in the U.S. cannabis market may subject the Company to heightened scrutiny by regulators, stock exchanges, clearing agencies and other U.S. and Canadian authorities. There can be no assurances that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company’s ability to operate in the United States or any other jurisdiction. There are a number of risks associated with the business of the Company. See the sections entitled “*Regulatory Overview*” and “*Risk Factors*” in this Prospectus, and the sections entitled “*Issuers with U.S. Cannabis-Related Assets*” and “*Risk Factors*” in the AIF (as defined herein).

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GENERAL MATTERS

Prospective investors should rely only on the information contained in, or incorporated by reference into, this Prospectus. Neither the Company nor any Underwriter has authorized anyone to provide prospective investors with information different from that contained in, or incorporated by reference into, this Prospectus. The Company is offering to sell, and seeking offers to buy, Offered Units only in jurisdictions where, and to persons to whom, offers and sales are lawfully permitted. The information contained in or incorporated by reference into this Prospectus is accurate only as of the date of this Prospectus or the date of the document incorporated by reference, as applicable, regardless of the time of delivery of this Prospectus or of any sale of Offered Units.

The securities of the Company should be regarded as highly speculative and an investment in the securities of the Company should only be made by persons who can afford a significant or total loss of their investment. The risks outlined in this Prospectus and in the documents incorporated by reference herein should be carefully reviewed and considered by prospective investors in connection with an investment in such securities. See “Forward-Looking Statements” and “Risk Factors”.

In this Prospectus, references to “GGB” and the “Company” refer to Green Growth Brands Inc. and its subsidiaries, unless the context otherwise states.

All monetary amounts set forth in this Prospectus are stated in Canadian dollars, except where otherwise indicated. References to “\$” are to Canadian dollars. All references to “US\$” refer to United States dollars.

The following table sets forth (i) the rate of exchange for the U.S. dollar, expressed in Canadian dollars, in effect at the end of the periods indicated; (ii) the average exchange rates for the U.S. dollar, expressed in Canadian dollars, on the last day of each month during such periods; and (iii) the high and low exchange rates for the U.S. dollars, expressed in Canadian dollars, during such periods, each chased on the noon rate of exchange as reported by the Bank of Canada:

	Year Ended December 31,		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Rate at end of period	1.3642	1.2545	1.3427
Average rate during period	1.2957	1.2986	1.3245
Highest rate during period	1.3642	1.3743	1.4559
Lowest rate during period	1.2288	1.2128	1.2497

On August 14, 2019, the daily exchange rate for the United States dollar in terms of Canadian dollars, as quoted by the Bank of Canada, was US\$1.00 = \$1.3311.

FORWARD-LOOKING INFORMATION

This Prospectus and the documents incorporated herein by reference contain certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “**forward-looking statements**”). These statements relate to future events or to the future performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements are based upon the Company’s internal expectations, estimates, projections, assumptions and beliefs as at the date the information is given and is based on information available to management at such time. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. The forward-looking statements in this Prospectus and the documents incorporated herein by reference speak only as of the date hereof or as of the date

specified in such statements. Forward-looking statements in this Prospectus and the documents incorporated by reference herein include, but are not limited to, statements with respect to:

- the completion of the Offering and the receipt of all regulatory and stock exchange approvals in connection therewith;
- the use of the net proceeds of the Offering;
- the realization of the strategic and operational benefits expected from the Moxie Business Combination and Spring Oaks Acquisition;
- the performance of the Company's business and operations;
- the intention to grow the business, operations and potential activities of the Company;
- the ongoing and proposed expansion of the Company's facilities;
- the expected growth in the number of individuals using the Company's cannabis, cannabis oil extracts and other cannabis related products;
- the expected growth in the number of individuals using the Company's cannabidiol ("**CBD**")-infused consumer products;
- the expected growth in the Company's capacity to grow and cultivate cannabis, cannabis oil extracts, and other cannabis-related products for both medical and adult-use;
- the anticipated addition of new retail locations;
- the expectation regarding the opening of additional retail locations in Nevada;
- the expansion of the existing relationship with Abercrombie & Fitch with the sale of certain CBD products to as many as 160 stores;
- the purchase order from American Eagle Outfitters representing potential sales of CBD infused personal care products in nearly 500 stores and online starting October 2019;
- the realization of the strategic and operational benefits expected from the Henderson Acquisition and the exercise of its warrants in Nevada;
- the intention to open additional mall-based CBD kiosk shops;
- the competitive conditions of the industry;
- the applicable laws, regulations and any amendments thereof;
- the competitive business strategies of the Company;
- the completion of the Proposed Debt Financing;
- the grant and impact of any licenses or supplemental license to conduct activities with cannabis and/or cannabis oil extracts or any amendments thereof;
- the anticipated future gross revenues and profit margins of the Company's operations;
- the proposed and anticipated changes to Canadian federal laws and provincial regulations regarding the adult-use market and the business impacts on the Company;
- the proposed and anticipated changes to U.S. federal, state and local laws regarding the adult-use market and the business impacts on the Company; and
- the proposed and anticipated changes to U.S. federal, state and local laws regarding the manufacturing, distribution and sale of CBD and CBD-infused consumer products.

Certain of the forward-looking statements contained in this Prospectus and incorporated by reference herein concerning the medical cannabis and cannabis oil extracts industry, the anticipated adult-use market, the anticipated CBD-infused consumer products industry, the general expectations of the Company related thereto, and the Company's business and operations 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 this industry which the Company believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While the Company is not aware of any misstatement regarding any industry or government data presented herein, or in other documents incorporated herein by reference, the current medical cannabis and cannabis oil extracts industry, the current CBD-infused consumer products industry, and the future anticipated adult-use market in Canada and the U.S. involves risk and uncertainty and is subject to change based on various factors.

In particular, this Prospectus contains forward-looking statements in connection with the anticipated Closing Date, the anticipated CSE approval, the anticipated use of the net proceeds of the Offering and the anticipated closing of the Moxie Business Combination. Purchasers are cautioned that the above list of cautionary statements is not exhaustive. A number of factors could cause actual events, performance or results to differ materially from what is projected in

forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Company. Additional factors are noted under the heading “*Risk Factors*” in this Prospectus and in other documents incorporated herein by reference. 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 Prospectus or in any document incorporated by reference into this Prospectus. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. The forward-looking statements contained in this Prospectus and the documents incorporated by reference into this Prospectus are expressly qualified in their entirety by this cautionary statement.

PRESENTATION OF FINANCIAL INFORMATION

The financial statements of the Company incorporated by reference into this Prospectus are reported in United States dollars. Unless otherwise indicated, all financial information of the Company included and incorporated by reference in this Prospectus has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements of Moxie included in this Prospectus are reported in United States dollars. Unless otherwise indicated, all financial information of Moxie included in this Prospectus has been prepared in accordance with United States generally accepted accounting principles.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Green Growth Brands Inc. at 4300 East Fifth Ave., Columbus, Ohio 43219, telephone (647) 495-8798, and are also available electronically at www.sedar.com.

Except to the extent that their contents are modified or superseded by a statement contained in this Prospectus or any subsequently filed document that is also incorporated by reference herein, the following documents of the Company, which have been filed with the securities commissions or similar authorities in the provinces of British Columbia, Alberta, Ontario, Quebec and Nova Scotia, are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) the annual information form of the Company for the financial year ended June 30, 2018 (the “**AIF**”);
- (b) the management information circular of the Company dated October 12, 2018 prepared in connection with the Company’s annual and special shareholders’ meeting held on November 2, 2018 (the “**RTO Information Circular**”) regarding, among other things, the business combination and the acquisition of all of the issued and outstanding securities of “Green Growth Brands Ltd.” (the “**RTO Acquiror**”), a private company (the “**RTO Transaction**”), which includes the following contained therein:
 - i. the RTO Acquiror’s audited financial statements for the period from commencement of operations on February 14, 2018 to July 31, 2018 and related notes thereto, together with the independent auditors’ report thereon (the “**RTO Acquiror Financial Statements**”);
 - ii. the RTO Acquiror’s management’s discussion and analysis for the period from commencement of operations on February 14, 2018 to July 31, 2018 (the “**RTO Acquiror MD&A**”); and

- iii. the *pro forma* financial statements of the RTO Acquiror as at June 30, 2018;
- (c) the Company's audited financial statements as at and for the financial year ended June 30, 2018, and related notes thereto, together with the independent auditors' report thereon (the "**Annual Company Financial Statements**");
- (d) the Company's management discussion and analysis for the financial year ended June 30, 2018 (the "**Annual Company MD&A**");
- (e) the Company's unaudited interim consolidated financial statements as at and for the three and nine months ended March 31, 2019 and for the period February 14, 2018 (date of incorporation) to March 31, 2018 and related notes thereto (the "**Interim Company Financial Statements**");
- (f) the Company's management discussion and analysis for three and nine months ended March 31, 2019 and the period ended March 31, 2018 (the "**Interim Company MD&A**");
- (g) the business acquisition report of the Company dated September 24, 2018 in respect of the Company's acquisition of Nevada Organic Remedies LLC;
- (h) the material change report of the Company dated July 29, 2019 in respect of the Offering;
- (i) the term sheet dated July 23, 2019, filed on SEDAR in connection with the Offering (the "**Marketing Materials**");
- (j) the material change report of the Company dated July 18, 2019 in respect of the Company entering into a securities acquisition and contribution agreement with, among others, Moxie (as defined herein), under which a new Ontario limited partnership, GGB LP (as defined herein), of which the Company will be the general partner, will acquire the operating companies of the Company and the issued and outstanding units of Moxie, an arm's length third party, in an all-equity interest transaction (the "**Moxie Material Change Report**");
- (k) the material change report of the Company dated April 25, 2019 in respect of the Company (i) entering into a definitive agreement with Aphria Inc. ("**Aphria**") to shorten the expiry time for acceptance of its formal offer to acquire all of the issued and outstanding common shares of Aphria and (ii) the Company entering into a definitive agreement with GA Opportunities Corp. ("**GAOP**") to repurchase for cancellation 27,300,000 common shares of the Company held by GAOP;
- (l) the material change report of the Company dated January 31, 2019 in respect of the appointment of Peter Horvath as Chief Executive Officer;
- (m) the material change report of the Company dated January 31, 2019 in respect of the appointment of Brian Logan as Chief Financial Officer;
- (n) the material change report of the Company dated January 31, 2019, in respect of a commitment letter with All Js, pursuant to which All Js committed to subscribe for up to \$150 million of common shares of the Company as a backstop to the Company's proposed \$300 million equity financing of common shares;
- (o) the material change report of the Company dated December 18, 2018, in respect of the Company's agreement to accept an irrevocable option to acquire, among other things, all of the membership interests of Henderson Organic Remedies, LLC;

- (p) the material change report of the Company dated December 18, 2018, in respect of the Company's agreement to acquire a Pahrump, Nevada cultivation facility operated by Wellness Orchards of Nevada LLC and Panorama WON LLC;
- (q) the material change report of the Company dated December 12, 2018, in respect of the Company's agreement to acquire all of the issued and outstanding membership interests of Just Healthy LLC;
- (r) the material change report of the Company dated November 16, 2018 in respect of the completion of the RTO Transaction (as defined herein); and
- (s) the material change report of the Company dated July 17, 2018 in respect of the Company entering into a business combination agreement with the RTO Acquiror in connection with the RTO Transaction and the Company's agreement to acquire all of the membership interests of Nevada Organic Remedies LLC.

Any documents of the type referred to in paragraphs (a)-(s) above or similar material and any documents required to be incorporated by reference into this Prospectus pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions*, including any annual information form, all material change reports (excluding confidential reports, if any), all annual and interim financial statements and management's discussion and analysis relating thereto, or information circular or amendments thereto that the Company files with any securities commission or similar regulatory authority in Canada after the date of this Prospectus and prior to the termination of this Offering will be deemed to be incorporated by reference in this Prospectus and will automatically update and supersede information contained or incorporated by reference in this Prospectus.

Any statement contained in this Prospectus or a document incorporated or deemed to be incorporated by reference into this Prospectus shall be deemed to be modified or superseded for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which is also, or is deemed to be, incorporated by reference into this Prospectus modifies, replaces or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed to constitute a part of this Prospectus, except as so modified or superseded.

MARKETING MATERIALS

The Marketing Materials are not part of this short form prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by any statement contained in this short form prospectus. Any "template version" of "marketing materials" (as such terms are defined in National Instrument 41-101 — *General Prospectus Requirements*), filed with the securities commission or similar authority in each of the provinces and territories of Canada in connection with the Offering after the date hereof but prior to the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Marketing Materials) is be deemed to be incorporated into this short form prospectus.

THE COMPANY

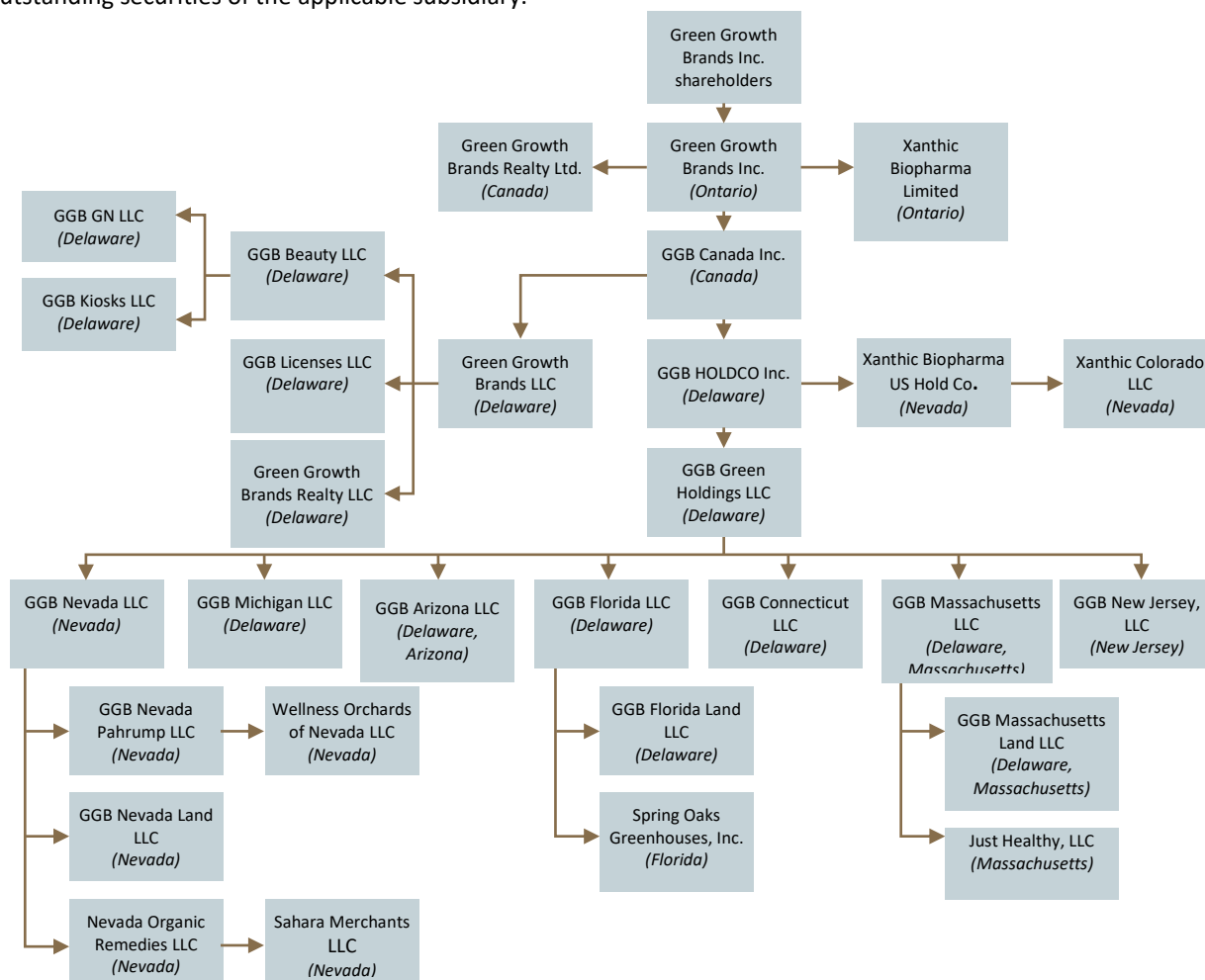
The Company is in the business of cultivating, processing, distributing, wholesaling, and retailing medical and adult-use cannabis, as well as the manufacture, marketing, wholesaling, and retailing of CBD-infused consumer products. The Company's business strategy is to continue to develop a premium cannabinoid brand offering, focusing on certain states in the United States where the sale of cannabis and CBD is not inconsistent with applicable law.

The Company intends to expand its retail and wholesale cannabis businesses as well as its CBD consumer products business through a combination of strategic partnerships, merger and acquisition activity, and organic license capture. The Company's objectives are to establish top-tier retail and medical cannabis locations, offer CBD-infused personal care products at retail via an expansive network of kiosks and brick-and-mortar locations, and distribute such CBD products at wholesale to larger national retailers. The Company has not received any commissions, incentives or other fees in connection with the operation of its medical cannabis business.

The Company's registered office is 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario M5L 1B9 and the head office of the Company is 4300 East Fifth Ave., Columbus, Ohio 43219. The Common Shares trade on the CSE under the symbol "GGB" and on the OTCQB under the symbol "GGBXF".

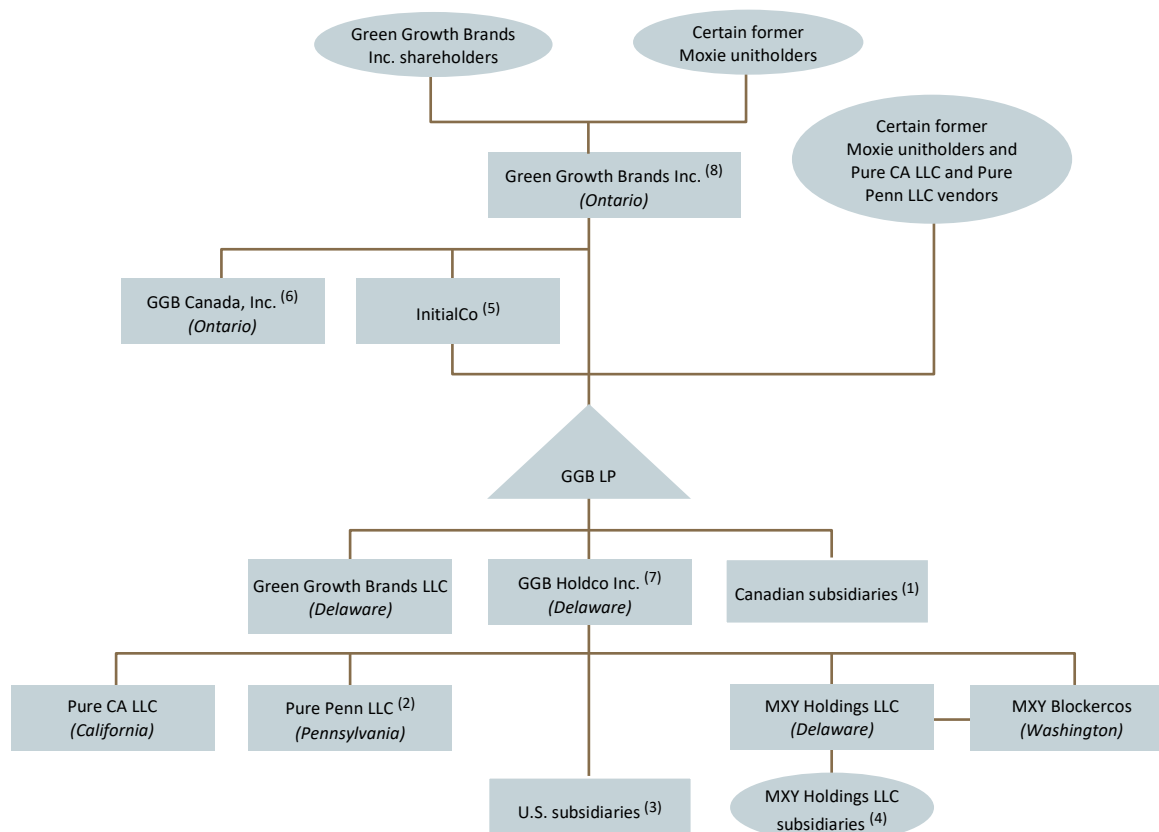
Corporate Structure Prior to Completion of Moxie Business Combination

The following chart illustrates the Company's corporate structure including details of the jurisdiction of formation of each subsidiary as of the date of this Prospectus. Unless otherwise noted all lines represent 100% ownership of outstanding securities of the applicable subsidiary.



Corporate Structure Following Completion of Moxie Business Combination

The following chart illustrates the Company's corporate structure including details of the jurisdiction of formation of each subsidiary following the completion of the Moxie Business Combination. Unless otherwise noted all lines represent 100% ownership of outstanding securities of the applicable subsidiary.



Notes:

- (1) Canadian subsidiaries include Green Growth Brands Realty Ltd. and Xanthic Biopharma Ltd.
- (2) GGB Holdco Inc. will own (subject to regulatory approval) a 17.18% interest in Pure Penn LLC. See *"Regulatory Overview"*.
- (3) U.S. subsidiaries include Xanthic Biopharma US Hold Co. (Timothy Moore serves as director), Xanthic Colorado LLC, GGB Green Holdings LLC, GGB Nevada LLC, GGB Michigan LLC, GGB Arizona LLC, GGB Florida LLC, GGB Connecticut LLC, GGB Massachusetts LLC, GGB New Jersey, LLC, GGB Nevada Pahrump LLC, Wellness Orchards of Nevada LLC, GGB Nevada Land LLC, Nevada Organic Remedies LLC (the board of managers consists of Andrew Jolley, Joseph Schottenstein, and Benton Kraner), Sahara Merchants LLC, GGB Florida Land LLC, Spring Oaks Greenhouses, Inc., GGB Massachusetts Land LLC and Just Healthy, LLC.
- (4) MXY Holdings LLC subsidiaries include MXY License Holdings, LLC, MXY Universal LLC, MXY Ancillary Holdings, LLC, ANACAPA MD, LLC, ANACAPA AZ, LLC, ANACAPA CA, LLC, ANACAPA NV, LLC, ANACAPA PA, LLC, ANACAPA MI, LLC, ANACAPA NJ, LLC, MXY Property Holdings, LLC, MXY Equipment Holdings, LLC, and SEVEN TEN HOLDINGS, LLC.
- (5) InitialCo will be incorporated in connection with the Moxie Business Combination. See *"Recent Developments"*.
- (6) The Board also serves as the board of directors for GGB Canada, Inc.
- (7) The board of directors for GGB Holdco Inc. consists of Peter Horvath and Randy Whitaker.
- (8) Unless otherwise indicated, the subsidiaries of the Company are member-managed entities and management of the Company is responsible for such subsidiaries.

Overview of the Company's Cannabis and CBD Businesses

Cannabis

The Company is the holder of the following state-issued licenses or certificates related to its cannabis operations, as further detailed under *"Regulatory Overview"*. In Nevada, the Company, through its subsidiary Nevada Organic Remedies LLC ("**NOR**"), holds a medical cultivation, adult-use cultivation, medical production, adult-use production, medical dispensary, adult-use dispensary, and distribution license. Each of the NOR licenses are for operations in

Unincorporated Clark County in Nevada. NOR also holds seven provisional adult-use dispensary licenses following the award of such provisional licenses by the State of Nevada Department of Taxation on December 5th, 2018 in the City of Las Vegas, the City of North Las Vegas, Nye County, Unincorporated Clark County, the City of Reno, Carson City, and the City of Henderson, which the Company is in the process of perfecting. Moratoriums on additional adult-use dispensaries remain in place in City of North Las Vegas, Unincorporated Clark County, Carson City, and the City of Henderson, and there can be no assurance that such provisional licenses will receive final approval. See *“Regulatory Overview”* and *“Risk Factors”*.

The Company is also the holder of medical cultivation and adult-use cultivation licenses through its subsidiary, Wellness Orchards of Nevada LLC (**“WON”**), which it operates in Nye County, Nevada. See *“Regulatory Overview”*.

The Company further expects to complete the Henderson Acquisition (as defined herein) on or around August 28, 2019, at which time it will operate two separate The+Source locations in the Las Vegas metropolitan area. Henderson Organic (as defined herein) holds a medical dispensary and retail dispensary license in the City of Henderson. See *“Recent Developments”* and *“Regulatory Overview”*.

The Company, through its subsidiary, Just Healthy LLC (**“Just Healthy”**), owns a provisional certificate of registration in the State of Massachusetts. This certificate enables Just Healthy to establish up to three medical dispensaries and a cultivation facility, with preferred treatment to be given for adult-use. The Company, as detailed below, anticipates opening an adult-use dispensary in Northampton, Massachusetts in early 2020. See *“Recent Developments”* and *“Regulatory Overview”*.

The Company announced the completion of the Spring Oaks Acquisition (as defined herein) on August 1, 2019. Spring Oaks (as defined herein) is the holder of a vertically integrated Florida MMTC (as defined herein) license. Such license provides Spring Oaks with the ability to open up to 35 dispensary locations in the State of Florida. The State of Florida does not permit wholesale of cannabis between entities, however, sales in Florida are contingent upon the Company establishing a cultivation facility to supply its dispensary locations. See *“Recent Developments”* and *“Regulatory Overview”*.

Cultivation

Nevada

The Company, through its subsidiaries, cultivates cannabis products at facilities located in (i) Las Vegas, featuring approximately 12,000 square feet, including approximately 5,000 square feet of canopy; and (ii) Nye County, featuring approximately 12,000 square feet, including approximately 5,000 square feet of canopy. See *“Regulatory Overview”*.

Massachusetts

As part of its acquisition of Just Healthy, the Company purchased unimproved land in Northampton, Massachusetts upon which it may decide to erect a cultivation facility. See *“Recent Developments”* and *“Regulatory Overview”*.

Florida

The Company, following the completion of the Spring Oaks Acquisition on August 1, 2019, is currently pursuing both leasing or purchasing opportunities related to a proposed cultivation facility to support the state-mandated verticality requirement applicable to MMTCs. See *“Recent Developments”*, *“Regulatory Overview”* and *“Risk Factors”*.

Production

Nevada

The Company utilizes approximately 1,700 square feet of 12,000 square feet available at the leased facility in Unincorporated Clark County for the purpose of manufacturing various marijuana infused and concentrated marijuana products. See *“Regulatory Overview”*.

Massachusetts

The Company does not yet produce cannabis products in Massachusetts. As the state permits wholesale between processors for purposes of adult-use dispensary sales, the Company will continue to evaluate whether it will pursue a cultivation and processing location. See *“Regulatory Overview”*.

Florida

The Company does not yet produce cannabis products in Florida. Following the completion of the Spring Oaks Acquisition on August 1, 2019, the Company will be pursuing production facilities as part of its proposed expansion in the Florida consistent with the verticality requirement imposed by the relevant state laws. See *“Recent Developments”* and *“Regulatory Overview”*

Dispensing

Nevada

The Company is currently dispensing products from its The+Source location in Unincorporated Clark County. The+Source features approximately 1,100 square feet of selling space and is regarded as one of the premier dispensaries in Las Vegas. The Company anticipates completing its acquisition of Henderson Organic on or about August 28, 2019, at which time it will own a second The+Source location in Henderson, Nevada, with approximately 1,100 feet of selling space. On December 5, 2018, the Company, through NOR, received seven additional provisional adult-use dispensary licenses from the State of Nevada Department of Taxation in the following locations: the City of Las Vegas, Unincorporated Clark County, the City of Reno, the City of Henderson, Nye County, Carson City, and the City of North Las Vegas. Subject to regulatory approvals, the Company anticipates opening its new dispensary in the City of Reno in August or September 2019, with its Nye County and City of Las Vegas locations expected to open in late 2019 and early 2020, respectively. See *“Regulatory Overview”* and *“Risk Factors”*.

Massachusetts

The Company’s subsidiary, Just Healthy, owns a provisional certificate of registration in the State of Massachusetts. This certificate provides for up to three medical dispensaries and a cultivation facility, with the ability to pursue adult-use dispensary locations as well. The Company is in the process of submitting its adult-use license application and anticipates opening its Northampton dispensary in early 2020. See *“Regulatory Overview”* and *“Risk Factors”*.

Florida

The Company is in the process of securing real estate, by land lease or purchase, through which it will launch its Florida-based dispensaries. The Florida MMTC license, as of the closing of the Spring Oaks Acquisition on August 1, 2019, allows for up to 35 medical dispensary locations in Florida. Such locations, however, are subject to the Company establishing its cultivation facilities given the verticality requirement applicable in Florida. See *“Regulatory Overview”* and *“Risk Factors”*.

CBD

The Company has developed a full line of CBD-infused consumer care products, including creams, lotions, sleep aids, skin care, and body care, available in over 100 different SKUs under its Seventh Sense Botanical Therapy (**“Seventh Sense”**) brand. The Company, through its subsidiary, GGB Beauty LLC, has initiated the roll-out of these products following the passage of the Agriculture Improvement Act of 2018, which clarified the law regarding the sale of industrial hemp at the federal level. With CBD is no longer subject to the federal Controlled Substances Act, states were provided discretion to permit the sale of industrial hemp and its extracts. As of July 31, 2019, approximately 41 states had taken steps consistent with the federal change in law. The Company now sells its CBD products via its e-commerce website in approximately 41 states under its Seventh Sense brand.

In addition to e-commerce, the Company has actively pursued premium shopping mall locations through which it will operate its kiosk shop locations. Leveraging relationships with established entities such as Simon Properties and

Brookfield Properties Group, the Company has gained access to consumers in some of the best malls in the United States. The Company has opened more than 100 Seventh Sense shops and anticipates opening up to 100 more by the end of 2019.

The Company has further leveraged its retail experience and relationships to forge partnerships with American Eagle Outfitters, Inc. (“**AEO**”), DSW, Inc. (“**DSW**”), and Abercrombie & Fitch (“**A&F**”). Through these relationships, the Company has gained access to more than 160 A&F stores, more than 150 DSW locations, and, beginning in September 2019, access to nearly 500 AEO locations.

Additionally, the Company has an exclusive right to use the Greg Norman Shark brand related to CBD products in the United States, and it anticipates a test launch of this brand in late 2019, with a more robust rollout planned for 2020.

Objectives

The Company’s objective as it relates to its cannabis business is to establish a leading presence in several pivotal states, and to expand strategically through acquisitions and organic license capture, to other states as such states permit medical and/or adult-use cultivation, production, and sale of cannabis. See “*Regulatory Overview*”.

The Company believes that it is well-positioned to take advantage of the nascent cannabis industry, in part because of its strong leadership team, which has strong retail experience in other industries. The cannabis industry remains in its infancy, and such status presents both increased opportunity and increased risk. The Company intends to navigate the complex legal and regulatory framework applicable to the cannabis industry through retention of legal counsel in the various states where it seeks to operate, and through adherence to legal requirements and industry best practice. See “*Regulatory Overview*” and “*Risk Factors*”.

The Company’s objective as it relates to CBD is to develop top-quality beauty and skin care products and to capitalize on the legal and growing CBD market. The deep retail experience of the Company’s leadership team positions the Company well to execute on its objectives. Consistent with its participation in the cannabis space, the Company intends to comply with applicable law related to the sale of CBD-infused products, with such sales occurring (and e-commerce deliveries made) only in states where not prohibited by law.

RECENT DEVELOPMENTS

Backstop Commitments

On August 14, 2019, the Company announced that it had entered into commitment letters with each of All Js Greenspace LLC, Park Lane Capital Limited, and Chiron Ventures Inc. (collectively, the “**Backstop Parties**”), pursuant to which the Backstop Parties have committed to subscribe for and purchase up to US\$77,325,000 (in the aggregate) of convertible debentures (the “**Backstop Convertible Debentures**”) of the Company to support the Company’s operations and capital needs (the “**Commitment Letters**”). In accordance with the terms of the Commitment Letters, the Company is entitled to require each of the Backstop Parties to fulfill their respective commitments for a period of 12 months following completion of the Offering (the “**Backstop Term**”) as follows: (i) as to up to US\$52,325,000, in the event that the Debentures (as defined herein) cannot be extended or refinanced prior to the Maturity Date (as defined herein) (the “**Debentures Backstop Commitment**”) and (ii) as to up to US\$25,000,000, in the event the Company requires capital to fund operations during the Backstop Term (the “**Additional Backstop Commitment**”). The Backstop Convertible Debentures, if issued, will have a maturity date of 12 months from the date of issuance (the “**Backstop Maturity Date**”) and will be convertible upon the election of the applicable Backstop Party at any time up to and including the Backstop Maturity Date into, in respect of the commitments from non-U.S. resident Backstop Parties, Common Shares at a conversion price equal to C\$2.45 per Common Share and, in respect of the commitment from the U.S. resident Backstop Party, Proportionate Voting Shares at a conversion price per Proportionate Voting Share equal to \$1,225 (being equivalent to C\$2.45 per common share) divided by the Canadian-US exchange rate on the business day prior to conversion. Interest on the Backstop Convertible Debentures will accrue daily and will be payable on the Maturity Date. On the Backstop Maturity Date or upon the election of the applicable Backstop Party, the principal amount of the Backstop Convertible Debentures shall be payable by the Company in cash (together with all accrued interest payable thereon) or, at the option of the applicable Backstop Party, into Common Shares or Proportionate

Voting Shares, as the case may be, at the applicable conversion price, without adjustment for interest accrued on the Backstop Convertible Debentures or for dividends or distributions on the Common Shares or Proportionate Voting Shares, as the case may be, issuable upon conversion, all subject to the terms and conditions to be set forth in the definitive form of Backstop Convertible Debenture to be issued by the Company in form an substance satisfactory to the Backstop Parties and the Company, each acting reasonably. The obligations of the Company under the Backstop Convertible Debentures are will be secured by a general security agreement over all of the Company's applicable present and after-acquired personal property and will be subordinate to the Company's existing secured convertible debt. In connection with the Commitment Letters, and following the completion of the Offering, the Company will pay the Backstop Parties a fee in the aggregate of US\$3,866,250, payable through the issuance of (i) Common Shares at a price equal to the closing market price of the Common Shares on the trading day immediately prior to such issuance, in the case of non-U.S. resident Backstop Parties and (ii) Proportionate Voting Shares, at a price equal to the closing market price of the Common Shares on the trading day immediately prior to such issuance, multiplied by 500 and divided by the Canadian-U.S. exchange rate on such date, in the case of U.S. resident Backstop Parties (the "**Backstop Fee**"). See "*Risk Factors*".

American Eagle Purchase Order

On July 11, 2019, the Company announced that it had received a purchase order from AEO, through which it will sell hemp-derived CBD-infused personal care products in nearly 500 of its AEO stores and online. The purchase order contemplates a wide-assortment of personal care products, to include lotions, muscle balms, and aromatherapy, with sales expected to begin in October 2019.

The Moxie Business Combination

On July 9, 2019, the Company announced that it had entered into a securities acquisition and contribution agreement, dated July 8, 2019, with, among others, MXY Holdings LLC ("**Moxie**") under which a new Ontario limited partnership ("**GGB LP**"), of which GGB will be the general partner, will acquire the operating companies of GGB and the issued and outstanding units of Moxie, an arm's length third party, in an all-equity interest transaction (the "**Moxie Business Combination**"). As part of the Moxie Business Combination, GGB LP will also be directly or indirectly acquiring shares of MXY C, Inc. and MXY D, Inc., Delaware entities within the Moxie structure, and Moxie's equity interests in two entities, PurePenn LLC and Pure CA, LLC, with which Moxie has current contribution agreements (subject to regulatory approval). The equity purchase price of the Moxie Business Combination is US\$310,000,000 and will be satisfied through the issuance of either Common Shares and/or exchangeable limited partnership units in GGB LP. Closing of the Moxie Business Combination is expected to occur prior to January 2020 and remains subject to the satisfaction of various closing conditions, including receipt of all necessary regulatory approvals for the transfer of the cannabis-related licenses of Moxie by local and state authorities in each of the markets where Moxie's assets and licenses are held; approval from the CSE for the listing of Common Shares issuable in connection with the Moxie Business Combination (including the Common Shares issuable upon the exchange of the exchangeable limited partnership units in GGB LP); that all required securityholder approval for Moxie, MXY C, Inc. and MXY D, Inc. is received and certain pre-closing transactions have been effected; that certain lock-up agreements have been entered into; there has been no material adverse effect in respect of either Moxie or the Company; and, that all documents required in connection with the transfer of Moxie, MXY C, Inc. and MXY D, Inc. securities have been delivered to the Company. There are no assurances that the Moxie Business Combination will be completed, or if completed, will be on the terms that are exactly the same as disclosed in this Prospectus. See "*The Moxie Business Combination*" and "*Risk Factors*".

Abercrombie & Fitch Expansion

On June 27, 2019, the Company announced the expansion of its existing relationship with Abercrombie & Fitch, a division of A&F, through which the Company will sell to A&F certain of its CBD-infused personal care products under the Seventh Sense brand. The announcement represented A&F's decision to expand its 10-store test of the Company's products to as many as 160 A&F stores.

Brookfield Properties Leases

On June 10, 2019, the Company announced that it had entered into an arrangement through which the Company gained access to up to 70 prime shop locations in U.S. malls owned and operated by Brookfield Properties. Pursuant to the arrangement, the Company expects to further expand its chain of CBD-infused personal care product shops under the Seventh Sense brand and other Company brands.

Spring Oaks Greenhouses Inc. Acquisition

On June 4, 2019, the Company announced that on June 3, 2019, it had entered into an arm's length definitive agreement (the "**Spring Oaks Acquisition**") to acquire all of the issued and outstanding shares of capital stock of Spring Oaks Greenhouses, Inc. ("**Spring Oaks**"). Spring Oaks holds a medical marijuana dispensary license and authorization to operate as a Medical Marijuana Treatment Center in the State of Florida. The purchase price for the shares of capital stock of Spring Oaks was approximately \$72,532,110 (US\$54,650,000), subject to certain post-closing purchase price adjustments, which was to be satisfied by GGB through a combination of: (i) \$34,470,930 (US\$26,150,000) in cash, (ii) the issuance of Common Shares to Spring Oaks in the aggregate amount of \$23,033,700 (US\$17,100,000), with a price of \$3.16 (US\$2.35) per Common Share, and (iii) a convertible secured promissory note in the aggregate amount of \$15,027,480 (US\$11,400,000).

On July 29, 2019, the Company announced that it executed an amendment (the "**Spring Oaks Amendment**") to the Spring Oaks definitive agreement dated June 3, 2019. Pursuant to the Spring Oaks Amendment, the purchase price for the shares of capital stock of Spring Oaks of approximately \$72,532,110 (US\$54,650,000), subject to certain post-closing purchase price adjustments, shall be satisfied by the Company through a combination of: (i) a previously paid deposit of \$1,779,570 (US\$1,350,000) (the "**Deposit**"); (ii) a cash payment at closing of \$2,636,400 (US\$2,000,000), subject to certain post-closing purchase price adjustments (the "**Closing Cash Consideration**"); (iii) a cash payment of \$3,954,600 (US\$3,000,000) on or before August 31, 2019 (the "**Deferred Cash Consideration**"); (iv) the issuance of 7,289,145 Common Shares (the "**Consideration Shares**") to the owners of Spring Oaks representing an aggregate amount of \$23,033,700 (US\$17,100,000), at a price of \$3.16 (US\$2.35) per Consideration Share; (v) the issuance of 8,094,210 Common Shares (the "**Additional Consideration Shares**") to the owners of Spring Oaks representing an aggregate amount of \$18,454,800 (US\$14,000,000), at a price of \$2.28 (US\$1.72) per Additional Consideration Share; (vi) the issuance of a two-year convertible secured promissory note in the aggregate principal amount of \$15,027,480 (US\$11,400,000) (the "**Two-Year Note**"); and (vii) the issuance of a one-year convertible secured promissory note in the aggregate principal amount of \$7,645,560 (US\$5,800,000) (the "**One-Year Note**").

The Two-Year Note bears interest at a simple rate of 15%, payable after the first year, and has a maturity date of 24 months following the date of closing the Spring Oaks Acquisition. The Two-Year Note is convertible, on the maturity date, at the option of Spring Oaks, into Common Shares at a conversion rate equal to \$3.16 (US\$2.39) and is secured by the Spring Oaks assets. The One-Year Note bears interest at a simple rate of 15% per annum and has a maturity date of 12 months following the date of closing of the Spring Oaks Acquisition. The One-Year Note is convertible, on the maturity date, at the option of Spring Oaks, into Common Shares at a conversion rate of \$2.28 (US\$1.72), representing the closing market price of a Common Share on the CSE on the trading day immediately prior to the date of closing the Spring Oaks Acquisition. The One-Year Note is secured by the Spring Oaks assets. Both the Consideration Shares and the Additional Consideration Shares are subject to a lock-up agreement for 20 months following the date of closing the Spring Oaks Acquisition, to be released in increments of 1/20th over that time period.

The Company announced the completion of the Spring Oaks Acquisition on August 1, 2019.

In connection with the closing of the Spring Oaks Acquisition, the Company will pay a fee of \$659,100 (US\$500,000) to Jeremy Giles in full satisfaction and settlement of certain finder services performed on the Company's behalf (the "**Giles Fee**"). The Giles Fee will be paid through (i) a cash payment in the amount of \$329,550 (US\$250,00) and (ii) the issuance of Common Shares in the aggregate amount of \$329,550 (US\$250,00), at a price of \$2.28 (US\$1.72) per Common Share, representing the closing market price of a Common Share on the CSE on the trading day immediately prior to the date of the Spring Oaks Announcement. On closing of the Spring Oaks Acquisition, the Company has also entered into a consulting services agreement with Jeremy Giles for governmental relations services.

Award of Restricted Stock Units

On May 24, 2019, the Company announced the award of an aggregate of 595,000 restricted share units (the “**RSUs**”) under the Company’s equity incentive plan (the “**Plan**”) to certain of its employees (the “**RSU Recipients**”). The RSUs will be granted to the RSU Recipients as compensation for their services to the Company and as an incentive mechanism to foster the interest of such persons in the long-term success of the Company.

Each RSU will carry the right to receive one Common Share upon vesting. All of the RSUs will vest in equal parts each year for a period of three years. All other terms and conditions of the RSUs are in accordance with the terms of the Plan.

ARC Ltd. Advisory Services Agreement

On May 22, 2019, the Company entered into an arm’s length advisory services agreement with Authentic Retail Concepts, LTD (“**ARC**”) for a variety of ongoing consulting services related to retail distribution strategies, including facilitating introductions to certain real estate owners and operators. As compensation for the services under the agreement, GGB issued to ARC 500,000 Common Shares valued at US\$1,555,000 (\$2,130,000) at the issue date thereof and 500,000 common share purchase warrants of GGB, reflecting the GGB share price of US\$3.11 (\$4.26) as of the close of trading on May 21, 2019. The shares are subject to a lock up agreement for a period of 12 months ending on January 8, 2020.

Award of Deferred Share Units

On May 22, 2019, the Company announced the grant of an aggregate of 212,636 deferred share units (the “**DSUs**”) under the Plan to certain of its non-executive directors (the “**DSU Recipients**”). The DSUs will be granted to the DSU Recipients as a compensation for their services to the Company.

Each DSU will carry the right to receive one Common Share upon vesting. All of the DSUs will vest as of the date of award. All other terms and conditions of the DSUs are in accordance with the terms of the Plan.

Debenture Financing

On May 17, 2019, the Company announced that it had raised gross proceeds of \$61,200,000 pursuant to a private placement of convertible debt in the form of 15% secured convertible debentures (the “**Debentures**”) at a price of \$1,000 per Debenture and with a conversion price equivalent to \$7.00 per Common Share (the “**Debenture Financing**”). The net proceeds of the Debenture financing will be used for general corporate and working capital purposes. Each Debenture has a maturity date of May 17, 2020 (the “**Maturity Date**”) and is convertible, in certain circumstances, into proportionate voting shares of the Company (the “**Proportionate Voting Shares**”) at a conversion price per Proportionate Voting Share equal to \$3,500.00 (being equivalent to \$7.00 per Common Share) divided by the Canadian-US exchange rate on the business day prior to conversion (the “**Conversion Price**”). Interest on the Debentures accrues daily and is payable to the holders thereof initially on November 17, 2019 and the balance on the Maturity Date. On the Maturity Date, the principal amount of the Debentures shall be payable by the Company in cash (together with all accrued but unpaid interest thereon) or, at the option of the holder thereof, in Proportionate Voting Shares at the Conversion Price, without adjustment for interest accrued on the Debentures or for dividends or distributions on the Proportionate Voting Shares issuable upon conversion, all subject to the terms and conditions and in the manner set forth in the convertible debenture indenture dated May 17, 2019 between the Company and Capital Transfer Agency ULC. The obligations of the Company under the Debentures are secured by a general security agreement over all of the Company’s applicable present and after-acquired personal property.

Award of Restricted Stock Units

On February 13, 2019, the Company announced the award of an aggregate of 2,120,000 RSUs under the Plan to certain RSU Recipients. The RSUs were granted to the RSU Recipients as compensation for their services to the Company and as an incentive mechanism to foster the interest of such persons in the long-term success of the Company.

Each RSU will carry the right to receive one Common Share of the Company upon vesting. All of the RSUs will vest in equal parts each year for a period of three years. All other terms and conditions of the RSUs are in accordance with the terms of the Plan.

Simon Property Group Leases

On February 11, 2019, the Company announced that it had entered into an arrangement through which the Company gained access to up to 108 prime shop locations in U.S. malls owned and operated by the Simon Property Group, Inc. (“**Simon**”). Pursuant to the arrangement, the Company expects to further expand its chain of CBD-infused personal care product shops under the Seventh Sense brand and other brands of the Company. In conjunction with the Simon transaction, the Company, through its wholly owned subsidiary, GGB Kiosks LLC, has entered into a consulting agreement for services rendered with Simon Canada Management Ltd. (“**Simon Canada**”). In exchange for the services rendered under this consulting agreement, which relate to GGB’s shop expansion strategy, the Company issued to Simon Canada 500,000 Common Shares and 1,000,000 Common Share warrants with an exercise price of \$5.85 per Common Share, with both the Common Shares and the Common Share warrants reflecting the Common Shares price as of close of trading on February 7, 2019. The Common Shares issued to Simon Canada are subject to a lock up agreement for a period of 12 months from the issue date ending on January 8, 2020.

The Company also entered into an advisory services agreement (the “**Advisory Agreement**”) with J. Salter Ltd., d.b.a. Authentic Retail Concepts, Ltd. (“**ARC**”), for a variety of consulting services that leverage a network of strategic relationships, including Simon Property Group. As compensation for the services under the Advisory Agreement, the Company issued 500,000 Common Shares to ARC at a price of \$5.85 per Common Share. The Common Shares issued to ARC are subject to a lock up agreement for a period of 12 months from the issue date ending January 8, 2020.

Authentic Brands Group and Greg Norman Licensing Agreement

On February 7, 2019, GGB Beauty LLC, a subsidiary of the Company, announced it executed a licensing agreement with Authentic Brands Group (“**ABG**”) and the Greg Norman brand to develop a line of CBD-infused personal care products designed for active men and women. ABG is a brand development and marketing company. The agreement is for a five-year term with certain guaranteed annual minimum royalties. The Company has discretion to terminate the agreement at any time subject to a US\$8,000,000 termination fee.

Senior Management Appointments

In late January 2019, the Company announced the appointment of Peter Horvath as Chief Executive Officer, Ed Kistner as Chief Administrative Officer and Brian Logan as Chief Financial Officer. On February 26, 2019, the Company announced the appointment of Randy Whitaker as Chief Operating Officer. On June 25, 2019, the Company announced the appointment of Jann Parish as Chief Marketing Officer.

ZLJT LLC & Arizona Natural Pain Solutions Inc. Acquisition

On January 31, 2019, the Company entered into an arm’s length definitive agreement to acquire control of ZLJT LLC & Arizona Natural Pain Solutions Inc. (collectively, “**Desert Rose**”). Desert Rose holds a license for a vertically integrated operation in Arizona, including retail, cultivation & infusion (kitchen). As consideration for the membership interests, the Company would pay an aggregate purchase price of US\$12,350,000 in cash. On June 4, 2019, the Company announced that it mutually agreed with Desert Rose to terminate the definitive agreement entered into between the parties and announced on January 31, 2019. Under the terms of the definitive agreement, neither the Company nor Desert Rose is responsible for any payments to the other party as a result of the termination of the definitive agreement.

Just Healthy LLC Acquisition

On January 30, 2019, the Company acquired 100% of the membership interests of Just Healthy LLC. Just Healthy holds provisional certificates of registration for a registered marijuana dispensary, as well as a cultivation and processing site, in Northampton, Massachusetts. The license allows for a total of up to three medical dispensaries with preferred treatment for future adult-use. Pursuant to the terms of the Just Healthy membership interest purchase agreement, the

Company issued 1,741,244 Common Shares to Just Healthy. The fair value of Common Shares on January 30, 2019 was \$5.04. The Company also assumed and satisfied US\$455,000 of Just Healthy corporate debt. In connection with the acquisition of Just Healthy, the Company elected to exercise an option to purchase land in the Northampton, Massachusetts area for a total purchase price of US\$709,306.

As Just Healthy did not meet the definition of a business under *IFRS 3 – Business Combinations*, the acquisition was accounted for as a purchase of Just Healthy's assets. The consideration paid was determined as equity-settled share-based payments under IFRS 2, at the fair value of the equity of the Company issued to the shareholders of Just Healthy on the date of closing as noted above. IFRS 2 requires the shares issued for the acquisition of the net assets of Just Healthy be measured at the fair value of the net assets, unless the fair value cannot be reliably estimated. The Company is still in the process of finalizing the estimate of the net assets acquired and as such, it is possible that the measurement of the net assets and related shares issued may change. Management of the Company does not expect a material adjustment to this measurement.

The following represents the assets acquired:

	Total
Cash and cash equivalents	1,936
Deposits and other assets	50,000
Property and equipment	156,119
Intangible assets	6,925,712
Accounts payable and accrued liabilities	(117,020)
Note payable	(455,030)
	<u>6,561,717</u>
Fair value of consideration paid:	
Common shares	6,561,717
	<u>6,561,717</u>

The intangible assets relate to the cultivation, processing and dispensary provisional licenses awarded to Just Healthy in the State of Massachusetts. The provisional licenses entitle the Company to develop its presence in the State of Massachusetts. The Company has assessed these licenses with an indefinite useful life due to the nature of their indefinite life, provided the Company remains in good standing. See *"Regulatory Overview"* and *"Risk Factors"*. As required under IAS 36, the Company tests annually, or more frequently if events or changes in circumstances indicate that they might be impaired. For testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (each a cash generating unit, or **"CGU"**). The Company tests the recoverability of its indefinite intangible license assets based on the higher of fair value less costs to sell and the value in use model (being the present value of expected future cashflows of the asset or CGU).

Aphria Takeover Bid

On January 23, 2019, the Company announced that it had filed its offer to purchase (the **"Aphria Offer"**) all of the issued and outstanding common shares of Aphria (the **"Aphria Shares"**) including any Aphria Shares that may become issued and outstanding after the date of the Aphria Offer but prior to 5:00 p.m. (Toronto time) on May 9, 2019 upon the conversion, exchange or exercise of any convertible securities, in accordance with the terms and subject to the conditions contained in the Aphria Offer. On April 15, 2019, the Company announced that it had reached an agreement with Aphria to shorten the expiry time for acceptance of the Aphria Offer from May 9, 2019, to April 25, 2019 and on April 25, 2019, the Company announced the Aphria Offer had expired. The Company did not take up any Aphria Shares as the conditions of the Aphria Offer had not been met.

Repurchase of Common Shares from GA Opportunities Corp.

On May 16, 2019, the Company announced that it had completed the previously announced repurchase of 27,300,000 Common Shares held by GA Opportunities Corp. (**"GAOC"**) for aggregate consideration of \$89,000,000, or at a discounted price of approximately \$3.26 per Common Share (the **"GAOC Repurchase"**), representing approximately 13% of the outstanding Common Shares. The aggregate consideration was satisfied by delivery of a secured promissory note (**"GAOC Note"**) in the principal amount of \$39,000,000 and cash in the amount of \$50,000,000. The GAOC Note is

payable on November 15, 2019 and bears interest at 3% per annum. GAOC or its permitted transferee will continue to hold 200,000 Common Shares following the completion of the GAOC Repurchase, which shares are subject to a 12-month lock up agreement on customary terms with 16,666 Common Shares released per month. As GAOC will hold less than 5% of the Common Shares on closing of the GAOC Repurchase (on a non-diluted basis), it no longer has rights under a certain nomination rights agreement entered into with the Company.

DSW Distribution

On January 10, 2019, the Company announced an agreement with DSW to sell hemp-derived CBD-infused personal care products under the Seventh Sense at up to 96 DSW store locations throughout the United States.

Henderson Organic Remedies Irrevocable Option

On December 14, 2018, the Company agreed to an irrevocable option (the “**Henderson Option**”) to acquire all of the membership interests of Henderson Organic Remedies LLC (“**Henderson Organic**”) together with the right to all of Henderson Organic’s free cash flow until exercise of the Henderson Option in consideration of the issuance of (i) a secured loan in the principal amount of US\$15,485,000 (the “**Loan**”) and (ii) a common share purchase warrant (the “**Henderson Warrant**”) exercisable to acquire an aggregate of 7,609,746 Common Shares. Henderson Organic operates a 2,693 square foot medical and retail marijuana dispensary facility located in Henderson, Nevada. In connection with these transactions, HOR Holdings LLC (“**HOR Holdings**”) is expected to acquire (the “**Henderson Acquisition**”) all of the membership interests of Henderson Organic.

The completion of the Henderson Acquisition and the exercise of the Henderson Warrant (which is intended to be satisfied by the issuance of the Henderson Option to the Company) is expected to occur on or around August 28, 2019. The proposed transactions have been structured to comply with both local and state laws and, following a change to local laws in Henderson, Nevada in February 2019 that permitted ownership by foreign, public entities, HOR Holdings assigned its interest in the Henderson Acquisition to GGB. The Loan, which was issued on December 13, 2018, to certain members of Henderson Organic, had an original maturity date of May 4, 2019, bears interest at an annual rate of 6% and is secured against (i) a portion of the payment obligation of NOR, in favor of the borrowers under the Loan (which portion is equal to the principal amount and accrued interest under the Loan) and (ii) all membership interests of Henderson Organic held by the borrowers under the Loan. The Henderson Warrant, which was issued to HOR Holdings on December 13, 2018, expires on December 31, 2019, and vests only upon completion of Henderson Acquisition. Once vested, the Henderson Warrant is exercisable to acquire an aggregate of 7,609,746 Common Shares at an exercise price of \$3.16 per Common Share (reflecting the price per Common Share as of the close of trading on December 12, 2018).

An amendment was agreed on May 4, 2019 with the members of Henderson Organic to extend the due date of the Loan from May 4, 2019, to June 28, 2019. As a condition of the Loan extension, the Company agreed to return the licensing fees earned up to May 8, 2019. Therefore, the Company expects to incur a net charge of US\$1,043,000 in the fourth quarter of 2019 in connection with the return of licensing fees earned to May 8, 2019.

A second amendment was entered into on June 24, 2019 with the members of Henderson Organic, pursuant to which the Henderson Warrant exercisable to acquire an aggregate of 7,609,746 Common Shares at an exercise price of \$3.16 per Common Share was cancelled and replaced with a new common share purchase warrant, exercisable to acquire an aggregate of 3,973,230 Common Shares, at an exercise price of \$3.03 per Common Share (the “**Revised Henderson Warrant**”), with the difference to be satisfied via a cash payment in the amount of US\$8,979,500 (the “**HOR Cash Payment**”). The parties also amended the Loan to provide a maturity date of August 28, 2019. In consideration of the amendment to the maturity date of the Loan, the Company agreed to pay US\$1,000,000 to the members of Henderson Organic as a non-refundable advance on the HOR Cash Payment. A portion of the net proceeds of this Offering will be used to pay the HOR Cash Payment. See “*Use of Proceeds*”.

Wellness Orchards of Nevada LLC Acquisition

On December 12, 2018, the Company entered into definitive agreements to acquire a Pahrump, Nevada cultivation facility operated by WON and Panorama WON LLC (“**Panorama**”) for a total purchase price of US\$13,372,162. On May 17, 2019, the Company announced it had closed on this acquisition. Through this acquisition, the Company expects to

expand its current Nevada footprint to two cultivation facilities in 2019. WON currently operates a 12,000 square foot cannabis cultivation facility in Pahrump, Nevada while Panorama owns the real property and assets upon which the cultivation facility operates. The transaction closed on May 16, 2019.

Seven Additional Retail Licenses Awarded

On December 5, 2018, the Company was awarded seven additional retail cannabis dispensary licenses by the Nevada Department of Taxation to operate in the state of Nevada. The Company expects to have the first four locations operating by the end of calendar 2019, with the remainder opening in 2020, subject to the favorable resolution of regulations and permitting with local authorities.

Nevada Organic Remedies LLC Acquisition

On September 4, 2018, the Company through GGB Nevada LLC (“**GGB Nevada**”), a wholly owned subsidiary, completed the purchase of NOR from its members (“**NOR Members**”) pursuant to which GGB Nevada acquired (the “**NOR Acquisition**”) 95% of the outstanding membership interests of NOR for aggregate consideration of US\$56,750,000 payable by a combination of cash, stock, and a promissory note in the original principal amount of US\$21,565,000 (“**Purchase Note**”). The balance of the 5% or US\$2,837,500 to the NOR Members was satisfied by the issuance of common shares of the resulting issuer following completion of the RTO Transaction, which was completed on November 9, 2018. However, under the NOR agreement, the remaining 5% is retained by the NOR Members as security until the Purchase Note is settled. Following an amendment that extended the maturity date of the Purchase Note from March 4, 2019, to May 4, 2019, the Company repaid US\$6,080,000 of the Purchase Note on March 4, 2019, resulting in a principal amount of US\$15,485,000 outstanding (“**Amended Purchase Note**”). Following a second amendment dated May 8, 2019, the maturity date of the Amended Purchase Note was extended to June 28, 2019. In conjunction with the June 24, 2019 amendments to the Henderson Acquisition, the maturity date of the Amended Purchase Note was extended to August 28, 2019. The Company intends to repay the balance of the Amended Purchase Note from the proceeds of the Offering. See “*Use of Proceeds*”.

In connection with the NOR Acquisition, the Company recognized intangible assets of US\$32,235,000, which included a fair value assessment of US\$28,180,712 assigned to the indefinite license rights acquired. NOR has a total of 12 licenses in the State of Nevada. These licenses include medical and adult-use cultivation, production and dispensary licenses. The Company has assessed these licenses with an indefinite useful life due to the nature of their indefinite life, provided the Company remains in good standing. See “*Regulatory Overview*” and “*Risk Factors*”. In addition, following the completion of the RTO Transaction, the Company recognized goodwill of a total US\$26,332,480. Goodwill represents the excess of the purchase price paid by the Company in connection with the NOR Acquisition over the fair value of the net tangible and intangible assets acquired. Through the RTO Transaction and the NOR Acquisition, the Company had immediate access to one of the largest U.S. medical and recreational marketplaces, being the State of Nevada. The Company identified NOR as a fundamental cornerstone to its business plan to be a leading cannabis multistate operator. See “*Regulatory Overview*” and “*Risk Factors*”.

As required under IAS 36 the Company tests annually, or more frequently if events or changes in circumstances indicate that they might be impaired. For testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Goodwill is allocated to the CGU that is expected to benefit from synergies of a related business combination and represent the lowest level within the Company at which management monitors goodwill.

The Company tests the recoverability of its indefinite assets including goodwill based on the higher of fair value less costs to sell and the value in use model (being the present value of expected future cashflows of the asset or CGU).

THE MOXIE BUSINESS COMBINATION

On July 8, 2019 GGB entered into a securities acquisition and contribution agreement (the “**Moxie Agreement**”) with, among others, Moxie, under which GGB LP, of which GGB will be the general partner, will acquire the operating companies of GGB and the issued and outstanding units of Moxie, an arm’s length third party, in an all-equity interest transaction. As part of the Moxie Business Combination, GGB LP will also be directly or indirectly acquiring shares of

MXY C, INC. (“**MXY C**”) and MXY D, INC. (“**MXY D**”), Delaware entities within the Moxie structure, and Moxie’s equity interests in two entities, PurePenn LLC and Pure CA, LLC (collectively, the “**Pure Entities**”), with which Moxie has current contribution agreements (subject to regulatory approval).

The Moxie Business Combination is structured to include the formation of GGB LP, a new Ontario limited partnership of which GGB will be the general partner, with the operating companies of GGB being placed under the partnership (the “**Reorganization**”). The equity consideration of the Moxie Business Combination is US\$310,000,000 (the “**Equity Consideration**”). Payment of the Equity Consideration will be satisfied through the issuance of Common Shares and/or exchangeable limited partnership units in GGB LP (“**Exchangeable LP Units**”) as follows: (i) through the issuance of Common Shares to the shareholders of MXY C and MXY D; (ii) through the issuance of either Common Shares and/or Exchangeable LP Units to the unitholders of Moxie; and (iii) through the issuance of Exchangeable LP Units to the holders of the Pure Entities (or, in the alternative, Moxie may acquire the interest in the Pure Entities for units in the capital of Moxie, prior to the closing of the Moxie Business Combination). The Exchangeable LP Units are exchangeable into Common Shares on a one-for-one basis for no additional consideration; however, the Exchangeable LP Units may not be exchanged for Common Shares for the first year following the closing of the Moxie Business Combination. The issuance of such Common Shares in connection with the Moxie Business Combination will have a dilutive effect in respect of the Company’s existing securityholders and those who may purchase Common Shares in connection with this Offering.

The total number of securities issuable as payment under the Moxie Business Combination is equal to that number determined by dividing the Equity Consideration by the 30-day volume-weighted average price (“**VWAP**”) of Common Shares ending on the third trading day prior to the closing (the “**Closing VWAP**”) (but in no case will the Closing VWAP be less than US\$2.07 or greater than US\$3.45 (being the equivalent to \$2.71 and \$4.52, based on the Bank of Canada exchange rate as of July 5, 2019)), such that following the issuance of the Common Shares and Exchangeable LP Units, the former Moxie members, the shareholders of MXY C and MXY D and the holders of the Pure Entities will hold between approximately 11.9% and 26.4% of the fully-diluted equity of GGB (using the treasury method, and assuming no other issuances of GGB securities, other than pursuant to this Offering (excluding the securities issuable pursuant to the exercise of the Over-Allotment Option)) with the majority of such Common Shares to be subject to lock up agreements for a period of twelve (12) months from the closing of the Moxie Business Combination with staggered releases.

Closing of the Moxie Business Combination is expected to occur prior to January 2020 and remains subject to the satisfaction of various closing conditions, including receipt of all necessary regulatory approvals for the transfer of the cannabis-related licenses of Moxie by local and state authorities in each of the markets where Moxie’s assets and licenses are held; approval from the CSE for the listing of Common Shares issuable in connection with the Moxie Business Combination (including the Common Shares issuable upon the exchange of the exchangeable limited partnership units in GGB LP); that all required securityholder approval for Moxie, MXY C, Inc. and MXY D, Inc. is received and certain pre-closing transactions have been effected; that the lock-up agreements have been entered into; there has been no material adverse effect in respect of either Moxie or the Company; and, that all documents required in connection with the transfer of Moxie, MXY C, Inc. and MXY D, Inc. securities have been delivered to the Company. There are no assurances that the Moxie Business Combination will be completed, or if completed, will be on the terms that are exactly the same as disclosed in this Prospectus.

The Moxie Agreement may be terminated in certain circumstances including by mutual agreement of the parties; by either party for a significant breach by the other party that would cause the closing conditions not to be met; by either party if the Moxie Business Combination has not been effected by June 30, 2020; by Moxie, if it does not receive a legal opinion from counsel regarding the United States federal income tax consequences of the exchange of certain units of Moxie for Exchangeable LP Units (the “**Opinion Termination**”); or, by GGB, if GGB enters into an agreement regarding an acquisition transaction (the “**Acquisition Termination**”). Subject to the terms and conditions set out in the Moxie Agreement, if either party terminates as a result of a significant breach by the other party, the breaching party will pay a termination fee of US\$10,000,000 or if the Moxie Agreement is terminated by Moxie in the event of an Opinion Termination, under certain circumstances, it will pay GGB a termination fee of US\$10,000,000. If the Moxie Agreement is terminated by GGB in the event of an Acquisition Termination, GGB will pay to Moxie a termination fee of US\$17,500,000. GGB will satisfy payment of its termination fee, in either case, in Common Shares, and Moxie will

satisfy payment of its termination fee, in either case, through forgiveness of the Moxie Loan (as defined herein) and a cash payment.

On closing of the Moxie Business Combination, the Controlling Members of Moxie will be entitled to nominate two directors of GGB and, in connection with the foregoing, Moxie and certain shareholders of GGB, will enter into a nomination rights and voting agreement with respect to matters relating to the nomination and election of such nominees (the “**Voting Agreement**”).¹ While none of the Controlling Members are expected to become “significant shareholders” (as such term is defined in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*) on an individual basis, their holdings, if aggregated, may exceed 10% of the issued and outstanding voting securities of the Company if, for example, any Controlling Member was considered to be acting joint or in concert with one or more other Controlling Members. The Exchangeable LP Units held by a Controlling Member are exchangeable, at the discretion and election of each Controlling Member, into Common Shares on a one-for-one basis for no additional consideration; however, the Exchangeable LP Units may not be exchanged for Common Shares for the first year following the closing of the Moxie Business Combination. Pursuant to the terms of the Voting Agreement, certain shareholders of GGB will covenant and agree to vote in favour of Moxie’s nominees and the agreement will terminate on the earlier of: (i) the date after the first continuous 180-day period during which the Controlling Members interest is less than 20% of the Moxie Controlling Members interest immediately following the closing of the Moxie Business Combination; (ii) the date on which the Voting Agreement is terminated by mutual consent of the parties; and (iii) the dissolution or liquidation of GGB. Management of Moxie will continue to lead Moxie’s business as part of the Moxie Business Combination, with key Moxie management joining the Company’s management team.

As part of the Moxie Business Combination, Moxie has loaned US\$5,000,000 to GGB (the “**Moxie Loan**”) in order to fund certain pending acquisitions and the parties have agreed to enter into a distribution agreement (the “**Distribution Agreement**”). The Moxie Loan bears interest at 6% and, if the Moxie Business Combination is terminated, will be due and payable upon such termination, subject to certain set-off provisions provided for therein. The Distribution Agreement provides that GGB will distribute Moxie CBD products through its kiosk and dispensary network for a period of up to thirty (30) months.

The Moxie Business Combination Rationale

The Moxie Business Combination is a part of GGB’s focused growth strategy. GGB is rapidly building its CBD business, including recently securing additional distribution through A&F and AEO, and is expanding its footprint of Seventh Sense shops from the current 61 to an expected 200+ by the end of calendar year 2019. GGB is also building its multistate operator (“**MSO**”) network, which now includes the potential for up to 47 dispensary licenses in three key states.

The combination of Moxie and GGB would create one of the first cannabis companies to provide consumers a comprehensive product offering, including both CBD and tetrahydrocannabinol (“**THC**”) product lines and distribution that runs from mainstream retail to cannabis dispensaries, all led by management with decades of expertise and credibility.

Each of the Company’s and Moxie’s board of directors has determined that the Moxie Business Combination is in the best interests of its respective company. Canaccord delivered a fairness opinion to the board of directors of GGB (the “**Board**”), and Eight Capital delivered a fairness opinion to the board of managers of Moxie.

Business of Moxie

Moxie produces cannabis concentrates and related products across multiple markets. Moxie is an MSO with distribution (or future distribution), either directly or indirectly through affiliates or investees, in California, Arizona, Nevada, Pennsylvania, New Jersey, and Ohio markets and its products are distributed in over 250 dispensaries across the United States. Moxie is recognized by its peers in cannabis, winning close to 100 industry awards over the years, including Brand of the Year at the 2018 California Cannabis Awards. Moxie’s newest product, the DART vaporizer, won first place at the recent 2019 High Times SoCal Cannabis Cup with its Piña Colada flavor.

¹ Controlling Members, as defined in the Moxie Agreement means Lams Holdings, LLC, KPM84 LLC, and D18 Anacapa LLC.

By using FDA grade standard operating procedures and strict safety standards in their facilities and with a genetics library consisting of hundreds of strains, Moxie provides customers with high-quality adult-use and medical cannabis products. Moxie offers live resin vape cartridges, CBD vape cartridges, liquid Moxie vape cartridges and pre-rolled joints. As Moxie builds out its capacity, it will be employing its know-how and genetic library to continue to strive to be a leading product innovator.

Terms of the Moxie Agreement

For a summary of certain material provisions of the Moxie Agreement, please see the Moxie Material Change Report which is incorporated by reference in this Prospectus. The summary in the Moxie Material Change Report does not purport to be complete. The Moxie Agreement, a copy of which has been filed with Canadian securities regulatory authorities on SEDAR at www.sedar.com, should be consulted for the complete provisions, including those summarized in the Moxie Material Change Report. The Moxie Agreement may subsequently be amended or amended and restated and the summary below may no longer accurately reflect the material terms thereof. Any material amendments to the Moxie Agreement will be filed with Canadian securities regulatory authorities on SEDAR at www.sedar.com. The summary of the Moxie Agreement in the Moxie Material Change Report is not intended to be, and should not be relied upon as, disclosure of any facts and circumstances relating to GGB or Moxie.

REGULATORY OVERVIEW

In accordance with Staff Notice 51-352, below is a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where the Company is currently directly involved and through its subsidiaries, in the cannabis industry. Pursuant to Staff Notice 51-352, issuers with U.S. cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other required disclosure documents, such as this Prospectus. As the Company, its subsidiaries and proposed acquisition targets are directly engaged in the cultivation, processing, sale and distribution of cannabis in the cannabis marketplace in the U.S., the Company is subject to Staff Notice 51-352. Although the Company's business activities are compliant with applicable U.S. state and local law, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under U.S. federal law, nor may it provide a defense to any federal proceeding which may be brought against the Company. In accordance with the Staff Notice 51-352, below is a table of concordance that is intended to assist readers in identifying those parts of this Prospectus that address the disclosure expectations outlined in Staff Notice 51-352.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Cross Reference (Prospectus or Documents Incorporated by Reference)
All issuers with U.S. Marijuana-Related Activities	Describe the nature of the Company's involvement in the U.S. marijuana industry and include the disclosures indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.	• Under the heading "The Company" in this Prospectus • Under the heading "Recent Developments" in this Prospectus • Under the heading "The Moxie Business Combination" in this Prospectus • Under the heading "General Development of the Business" in the AIF • Under the heading "Description of the Business" in the AIF

	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	• <i>Bold boxed cover page disclosure</i> • <i>Under the heading “Regulatory Overview” of this Prospectus</i> • <i>Under the heading “Risk Factors” of this Prospectus</i> • <i>Under the heading “Issuers with U.S. Cannabis-Related Assets” in the AIF</i> • <i>Under the heading “Risk Factors” in the AIF</i>
	Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the Company conducts U.S. marijuana-related activities.	• <i>Bold boxed cover page disclosure</i> • <i>Under the heading “Regulatory Overview” of this Prospectus</i> • <i>Under the heading “Risk Factors” of this Prospectus</i> • <i>Under the heading “Risk Factors” in the AIF</i>
	Outline related risks including, among others, the risk that third-party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the Company’s ability to operate in the U.S.	• <i>Under the heading “Risk Factors” of this Prospectus</i> • <i>Under the heading “Risk Factors” in the AIF</i>
	Given the illegality of marijuana under U.S. federal law, discuss the Company’s ability to access both public and private capital and indicate what financing options are / are not available in order to support continuing operations.	• <i>Under the heading “Issuers with U.S. Cannabis-Related Assets” in the AIF</i> • <i>Under the heading “Regulatory Overview” of this Prospectus</i> • <i>Under the heading “Risk Factors” in the AIF</i>
	Quantify the Company’s balance sheet and operating statement exposure to U.S. marijuana related activities.	• <i>Under the heading “Regulatory Overview” of this Prospectus</i>
	Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and	<i>The Company has received and continues to receive legal input regarding (a) compliance with applicable state regulatory frameworks and (b) potential</i>

	implications arising from U.S. federal law.	<i>exposure and implications arising from U.S. federal law in certain respects. The Company has received such advice in verbal and written form (but not in the form of a legal opinion).</i>
U.S. Marijuana Issuers with direct involvement in cultivation or distribution	Outline the regulations for U.S. states in which the Company operates and confirm how the Company complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	• Under the heading “Regulatory Overview” of this Prospectus
	Discuss the Company’s program for monitoring compliance with U.S. state law on an ongoing basis, outline internal compliance procedures and provide a positive statement indicating that the Company is in compliance with U.S. state law and the related licensing framework. Promptly disclose any non-compliance, citations or notices of violation which may have an impact on the Company’s license, business activities or operations.	• Under the heading “Regulatory Overview” of this Prospectus • Under the heading “Issuers with U.S. Cannabis-Related Assets” in the AIF
U.S. Marijuana Issuers with indirect involvement in cultivation or distribution	Outline the regulations for U.S. states in which the Company’s investee(s) operate.	• Under the heading “Regulatory Overview – Ohio” of this Prospectus
	Provide reasonable assurance, through either positive or negative statements, that the investee’s business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. Promptly disclose any non-compliance, citations or notices of violation, of which the Company is aware, that may have an impact on the investee’s license, business activities or operations.	• Under the heading “Regulatory Overview” of this Prospectus
U.S. Marijuana Issuers with material ancillary involvement	Provide reasonable assurance, through either positive or negative statements, that the applicable customer’s or investee’s business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	• Under the heading “Regulatory Overview” of this Prospectus

Federal Regulatory Environment

Under U.S. federal law, marijuana is currently classified as a Schedule I drug. The CSA classifies drugs in five different schedules. As a Schedule I drug, the federal Drug Enforcement Agency (“**DEA**”) considers marijuana to have a high potential for abuse; no currently accepted medical use in treatment in the United States; and a lack of accepted safety for use of the drug under medical supervision.² The scheduling of marijuana as a Schedule I drug is inconsistent with what the Company believes to be the many valuable medical uses for marijuana accepted by physicians, researchers,

² 21 U.S.C. 812(b)(1).

patients, and others. As evidence of this, the federal Food and Drug Administration (“FDA”) on June 25, 2018 approved Epidiolex (cannabidiol) (“CBD”) oral solution for the treatment of seizures associated with two rare and severe forms of epilepsy, Lennox-Gastaut syndrome and Dravet syndrome, in patients two years of age and older. This is the first FDA-approved drug that contains a purified drug substance derived from marijuana. In this case, the substance is CBD, a chemical component of marijuana that does not contain the intoxication properties of THC, the primary psychoactive component of marijuana. The Company believes the CSA categorization as a Schedule I drug is not reflective of the medicinal properties of marijuana or the public perception thereof, and numerous studies show cannabis is not able to be abused in the same way as other Schedule I drugs, has medicinal properties, and can be safely administered. Moreover, while certain published studies show that marijuana may be less harmful than alcohol,³ alcohol is not classified under the CSA. This disparity may reflect the comparative stigma associated with marijuana that factors into scheduling decisions by the DEA.

The federal position is also not necessarily consistent with democratic approval of marijuana at the state government level in the United States. As of July 26, 2019 thirty-three (33) states and the District of Columbia have passed laws legalizing marijuana for medicinal use by eligible patients.⁴ In the District of Columbia, Puerto Rico, the U.S. Virgin Islands, the Northern Mariana Islands, and Guam and eleven (11) of these states – Alaska, California, Colorado, Illinois, Maine, Massachusetts, Michigan, Nevada, Oregon, Vermont and Washington – marijuana is legal for adult-use regardless of medical condition, although Washington D.C. has not legalized commercial sale of cannabis. The large increase in recent statewide referenda and legislation that liberalizes marijuana laws is consistent with public opinion. Public polling routinely shows large majorities of Americans in favor of the legalization of marijuana. For instance, a Gallup Organization survey in October of 2018 found that 66% of respondents in the United States support the legalization of marijuana.⁵

As more and more states legalized medical and/or adult-use marijuana, the federal government attempted to provide clarity on the incongruity between federal prohibition under the CSA and these state-legal regulatory frameworks. Until 2018, the federal government provided guidance to federal law enforcement agencies and banking institutions through a series of United States Department of Justice (“DOJ”) memoranda. The most recent such memorandum was drafted by former Deputy Attorney General James Cole in 2013 (the “Cole Memo”).⁶

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

1. Preventing the distribution of marijuana to minors;
2. Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs and cartels;
3. Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;

³ See Lachenmeier, DW & Rehm, J. (2015). Comparative risk assessment of alcohol, tobacco, cannabis and other illicit drugs using the margin of exposure approach. *Scientific Reports*, 5, 8126. doi: 10.1038/srep08126; Thomas, G & Davis, C. (2009). Cannabis, Tobacco and Alcohol Use in Canada: Comparing risks of harm and costs to society. *Visions Journal*, 5. Retrieved from http://www.heretohelp.bc.ca/sites/default/files/visions_cannabis.pdf; Jacobus et al. (2009). White matter integrity in adolescents with histories of marijuana use and binge drinking. *Neurotoxicology and Teratology*, 31, 349-355. <https://doi.org/10.1016/j.ntt.2009.07.006>; Could smoking pot cut risk of head, neck cancer? (August 25, 2009). Retrieved from <https://www.reuters.com/article/us-smoking-pot/could-smoking-pot-cut-risk-of-head-neck-cancer-idUSTRE5705DC20090825>; Watson, SJ, Benson JA Jr. & Joy, JE. (2000). Marijuana and medicine: assessing the science base: a summary of the 1999 Institute of Medicine report. *Arch Gen Psychiatry Review*, 57, 547-552. Retrieved from <https://www.ncbi.nlm.nih.gov/pubmed/10839332>; Hoaken, Peter N.S. & Stewart, Sherry H. (2003). Drugs of abuse and the elicitation of human aggressive behavior. *Addictive Behaviours*, 28, 1533-1554. Retrieved from <http://www.ukcia.org/research/AggressiveBehavior.pdf>; and Fals-Steward, W., Golden, J. & Schumacher, JA. (2003). Intimate partner violence and substance use: a longitudinal day-to-day examination. *Addictive Behaviors*, 28, 1555-1574. Retrieved from <https://www.ncbi.nlm.nih.gov/pubmed/14656545>.

⁴ *Governing Magazine*, State Marijuana Laws in 2018 Map, available at <http://www.governing.com/gov-data/safety-justice/state-marijuana-laws-map-medical-recreational.html> (visited August 14, 2019).

⁵ Justin McCarthy, *Two in Three Americans Now Support Legalizing Marijuana*, GALLUP (October 22, 2018), available at <https://news.gallup.com/poll/243908/two-three-americans-support-legalizing-marijuana.aspx>.

⁶ U.S. Dept. of Justice. (2013). Memorandum for all United States Attorneys re: *Guidance Regarding Marijuana Enforcement*. Washington, DC: US Government Printing Office, available at <https://www.justice.gov/iso/opa/resources/3052013829132756857467.pdf> (visited August 14, 2019). Prior to the Cole Memo, the DOJ issued other memoranda, including *Investigations and Prosecutions in States Authorizing the Medical Use of Marijuana* (Oct. 19, 2009) and *Guidance Regarding the Ogden Memo in Jurisdictions Seeking to Authorize Marijuana for Medical Use* (June 29, 2011).

4. Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
5. Preventing the violence and the use of firearms in the cultivation and distribution of marijuana;
6. Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
7. Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
8. Preventing marijuana possession or use on federal property.

On January 4, 2018, then United States Attorney General Jefferson Sessions rescinded the Cole Memo by issuing a new memorandum to all United States Attorneys (the “**Sessions Memo**”).⁷ Rather than establish national enforcement priorities particular to marijuana-related crimes in jurisdictions where certain marijuana activity was legal under state law, the Sessions Memo instructs that “[i]n deciding which marijuana activities to prosecute... with the [DOJ’s] finite resources, prosecutors should follow the well-established principles that govern all federal prosecutions.” Namely, these include the seriousness of the offense, history of criminal activity, deterrent effect of prosecution, the interests of victims, and other principles.

Then U.S. Attorney General Jeff Sessions resigned on November 7, 2018 and was replaced by Matthew Whitaker as interim Attorney General. On February 14, 2019, William Barr was sworn in as Attorney General. It is unclear what position the new Attorney General will take on the enforcement of federal laws with regard to the U.S. cannabis industry. However, in a written response to questions from U.S. Senator Cory Booker made as a nominee, Attorney General Barr stated “I do not intend to go after parties who have complied with state law in reliance on the Cole Memorandum.”

In the absence of a uniform federal policy, as had been established by the Cole Memo, numerous United States Attorneys with state-legal marijuana programs within their jurisdictions have announced enforcement priorities for their respective offices. For instance, Andrew Lelling, United States Attorney for the District of Massachusetts, stated that while his office would not immunize any businesses from federal prosecution, he anticipated focusing the office’s marijuana enforcement efforts on: (1) overproduction; (2) targeted sales to minors; and (3) organized crime and interstate transportation of drug proceeds.⁸ Other United States Attorneys provided less assurance, promising to enforce federal law, including the CSA in appropriate circumstances.

Due to the CSA categorization of marijuana as a Schedule I drug, federal law also makes it illegal for financial institutions that depend on the Federal Reserve’s money transfer system to take any proceeds from marijuana sales as deposits. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses under the United States Currency and Foreign Transactions Reporting Act of 1970 as amended by Title III of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001* (the “**Bank Secrecy Act**”). Therefore, under the Bank Secrecy Act, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be charged with money laundering or conspiracy.

While there has been no change in U.S. federal banking laws to accommodate businesses in the large and increasing number of U.S. states that have legalized medical and/or adult-use marijuana, the Department of the Treasury Financial Crimes Enforcement Network (“**FinCEN**”), in 2014, issued guidance to prosecutors of money laundering and other financial crimes (the “**FinCEN Guidance**”). The FinCEN Guidance advised prosecutors not to focus their enforcement efforts on banks and other financial institutions that serve marijuana-related businesses so long as that business is legal in their state and none of the federal enforcement priorities referenced in the Cole Memo are being violated (such as

⁷ U.S. Dept. of Justice. (2018). *Memorandum for all United States Attorneys re: Marijuana Enforcement*. Washington, DC: US Government Printing Office, available at <https://www.justice.gov/opa/press-release/file/1022196/download>.

⁸ U.S. Attorney’s Office District of Massachusetts (2018). *Statement of U.S. Attorney Andrew Lelling Regarding the Legalization of Recreational Marijuana in Massachusetts*, available at <https://www.justice.gov/usao-ma/pr/statement-us-attorney-andrew-elling-regarding-legalization-recreational-marijuana>.

keeping marijuana away from children and out of the hands of organized crime). The FinCEN Guidance also clarifies how financial institutions can provide services to marijuana-related businesses consistent with their Bank Secrecy Act obligations, including thorough customer due diligence, but makes it clear that they are doing so at their own risk. The customer due diligence steps include:

1. Verifying with the appropriate state authorities whether the business is duly licensed and registered;
2. Reviewing the license application (and related documentation) submitted by the business for obtaining a state license to operate its marijuana-related business;
3. Requesting from state licensing and enforcement authorities available information about the business and related parties;
4. Developing an understanding of the normal and expected activity for the business, including the types of products to be sold and the type of customers to be served (e.g., medical versus adult-use customers);
5. Ongoing monitoring of publicly available sources for adverse information about the business and related parties;
6. Ongoing monitoring for suspicious activity, including for any of the red flags described in this guidance; and
7. Refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk.

With respect to information regarding state licensure obtained in connection with such customer due diligence, a financial institution may reasonably rely on the accuracy of information provided by state licensing authorities, where states make such information available.

Because most banks and other financial institutions are unwilling to provide any banking or financial services to marijuana businesses, these businesses can be forced into becoming "cash-only" businesses. While the FinCEN Guidance decreased some risk for banks and financial institutions considering serving the industry, in practice it has not increased banks' willingness to provide services to marijuana businesses. This is because, as described above, the current law does not guarantee banks immunity from prosecution, and it also requires banks and other financial institutions to undertake time-consuming and costly due diligence on each marijuana business they accept as a customer. In fact, some banks that had been servicing marijuana businesses have been closing the marijuana businesses' accounts and are now refusing to open accounts for new marijuana businesses due to cost, risk, or both.

The few state-chartered banks and/or credit unions that have agreed to work with marijuana businesses are limiting those accounts to small percentages of their total deposits to avoid creating a liquidity risk. Since, theoretically, the federal government could change the banking laws as it relates to marijuana businesses at any time and without notice, these credit unions must keep sufficient cash on hand to be able to return the full value of all deposits from marijuana businesses in a single day, while also keeping sufficient liquid capital on hand to serve their other customers. Those state-chartered banks and credit unions that do have customers in the marijuana industry charge marijuana businesses high fees to pass on the added cost of ensuring compliance with the FinCEN Guidance.

Unlike the Cole Memo, however, the FinCEN Guidance from 2014 has not been rescinded. The Secretary of the U.S. Department of the Treasury, Stephen Mnuchin, has publicly stated that the Department was not informed of any plans to rescind the Cole Memo. Secretary Mnuchin stated that he does not have a desire to rescind the FinCEN Guidance.⁹

Despite the recent rescission of the Cole Memo, the Company continues to do the following towards ensuring compliance with the guidance provided by the Cole Memo, the FinCEN Guidance, and other best industry practices:

- The Company and its subsidiaries operate in compliance with licensing requirements that are set forth with regards to cannabis operation by the applicable state, county, municipality, town, township, borough, and other political/administrative divisions.

⁹ Angell, Tom. (February 6, 2018). Trump Treasury Secretary Wants Marijuana Money In Banks, *available at* <https://www.forbes.com/sites/tomangell/2018/02/06/trump-treasury-secretary-wants-marijuana-money-in-banks/#2848046a3a53>; *see also* Mnuchin: Treasury is reviewing cannabis policies. (2018 February 7), *available at* <http://www.scotsmanguide.com/News/2018/02/Mnuchin--Treasury-is-reviewing-cannabis-policies/>.

- The Company's cannabis-related activities adhere to the scope of the licensing obtained – for example, in the states where only medical cannabis is permitted, products are sold only to patients who hold the necessary documentation to permit the possession of the cannabis.
- The Company performs due diligence on contractors or anyone provided access to secure areas of its facilities to prevent products from being distributed to minors.
- The Company works to ensure that the licensed operators have an adequate inventory tracking system and adequate procedures in place so that their compliance system can track inventory effectively. This is done so that there is no diversion of cannabis or cannabis products into states where cannabis is not permitted by state law, or across state lines in general.
- The Company conducts background checks as required by applicable state law.
- The Company conducts reviews of activities of the cannabis businesses, the premises on which they operate, and the policies and procedures that are related to possession of cannabis or cannabis products outside of its licensed premises (including the cases where such possession is permitted by regulation – e.g. transfer of products between licensed premises). These reviews are completed to ensure that licensed operators do not possess or use cannabis on federal property or engage in manufacturing or cultivation of cannabis on federal lands.
- The Company's product packaging complies with applicable regulations and contains necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving.

In recent years, certain temporary federal legislative enactments that protect the medical marijuana and hemp industries have also been in effect. For instance, certain marijuana businesses receive a measure of protection from federal prosecution by operation of temporary appropriations measures that have been enacted into law as amendments (or "riders") to federal spending bills passed by Congress and signed by both Presidents Obama and Trump. For instance, in the Appropriations Act of 2015, Congress included a budget "rider" that prohibits the DOJ from expending any funds to enforce any law that interferes with a state's implementation of its own medical marijuana laws.¹⁰ The rider is known as the "Rohrbacher-Farr" Amendment after its original lead sponsors (it is also sometimes referred to as the "Rohrbacher-Blumenauer" Amendment, but it is referred to in this Prospectus as "**Rohrbacher-Farr**").

Originally, a Republican-controlled House and Democratic-controlled Senate passed the Rohrbacher-Farr Amendment. The bill was "a bipartisan appropriations measure that looks to prohibit the DEA from spending funds to arrest state-licensed medical marijuana patients and providers."¹¹ Subsequently, the amendment has been included in multiple budgets passed by a Republican-controlled Congress. While the Rohrbacher-Farr Amendment has been included in successive appropriations legislation or resolutions since 2015, its inclusion or non-inclusion is subject to political change.

The Rohrbacher-Farr Amendment (now known colloquially as the "Joyce/Leahy Amendment" after its most recent sponsors) was included in the Consolidated Appropriations Act of 2019, which was signed by President Trump on February 14, 2019 and funds the departments of the federal government through the fiscal year ending September 30, 2019. In signing the Act, President Trump issued a signing statement noting that the Act "provides that the Department of Justice may not use any funds to prevent implementation of medical marijuana laws by various States and territories," and further stating "I will treat this provision consistent with the President's constitutional responsibility to faithfully execute the laws of the United States." While the signing statement can fairly be read to mean that the executive branch intends to enforce the Controlled Substances Act and other federal laws prohibiting the sale and possession of medical marijuana, the president did issue a similar signing statement in 2017 and no federal enforcement actions followed.

CBD is a product that often is derived from hemp, which contains only trace amounts of THC, the psychoactive substance found in marijuana. On December 20, 2018, President Trump signed the Agriculture Improvement Act of

¹⁰ 2015 Appropriations Act, Public Law No. 113-235 § 538.17.

¹¹ Statement of Rep. Alcee Hastings, 160 Cong. Rec. 82, H4914, H4984 (daily ed. May 29, 2014).

2018 (popularly known as the 2018 Farm Bill) into law.¹² Until the 2018 Farm Bill became law, hemp and products derived from it, such as CBD, fell within the definition of “marijuana” under the CSA and the DEA classified hemp as a Schedule I controlled substance because hemp is part of the cannabis plant.¹³

The 2018 Farm Bill defines hemp as the plant *Cannabis sativa* L. and any part of the plant with a delta-9 THC concentration of not more than 0.3 percent by dry weight and removes hemp from the CSA. The 2018 Farm Bill also allows states to create regulatory programs allowing for the licensed cultivation of hemp and production of hemp-derived products. Hemp and products derived from it, such as CBD, may then be sold into commerce and transported across state lines provided that the hemp from which any product is derived was cultivated under a license issued by an authorized state program and otherwise meets the definition of hemp removed from the CSA. Notwithstanding the 2018 Farm Bill, the FDA has maintained that infusion of CBD into food products and beverages remains unlawful when introduced into interstate commerce pursuant to the U.S. federal Food, Drug and Cosmetic Act.

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

State Regulatory Environment

The following sections describe the legal and regulatory landscape in the states in which the Company (Massachusetts, Nevada and Florida), Henderson Organic (Nevada) and Moxie (Arizona, California, Nevada, New Jersey, Ohio and Pennsylvania) may operate or distribute products. While the Company, and to the knowledge of the Company, Moxie, work to ensure that their operations comply with applicable state laws, regulations, and licensing requirements, for the reasons described above and the risks further described under the heading “*Risk Factors*”, there are significant risks associated with the business of the Company. Readers are strongly encouraged to carefully read and consider all of the risk factors contained under the heading “*Risk Factors*” below and in the documents incorporated by reference in this Prospectus, including those risks identified and discussed under the heading “*Risk Factors*” in the RTO Information Circular, the AIF and the Interim Company MD&A, all of which are incorporated by reference into this Prospectus.

The Company, through its subsidiaries holds licenses that are in good standing to cultivate, produce, dispense and distribute marijuana in Nevada, and a provisional certificate of registration (“PCR”) in Massachusetts. The PCR provides the ability to open up to three medical dispensaries, a cultivation facility, with preferential treatment given for adult-use. The Company’s adult-use application in Massachusetts remains pending before the Massachusetts Cannabis Control Commission. The Company also holds licenses that are in good standing to cultivate, produce, dispense and distribute marijuana in Florida. Henderson Organic operates a medical and retail dispensary in Nevada. Moxie, through a subsidiary, will hold licenses that are in good standing to cultivate, produce, dispense and distribute marijuana in California. Moxie is a party to a product advisory agreement with a third party (the “**Arizona Partner**”) in the State of Arizona, who has a right to manage medical marijuana operations pursuant to a management services agreement with an Arizona license holder for medical marijuana. Moxie is a party to a product advisory agreement with a third party (the “**New Jersey Partner**”) in the State of New Jersey, who is a New Jersey license holder for medical marijuana. Moxie is a party to an advisory services agreement and brand license agreement with a third party (the “**Nevada Partner**”) in the State of Nevada, who is a Nevada license holder for marijuana. Moxie also holds a 7% equity interest in Pura Ohio Processing, LLC, an Ohio based operation holding licenses that, to the knowledge of Moxie, are in good standing to process marijuana in the state of Ohio. A subsidiary of Moxie will own (subject to regulatory approval) a 17.18% equity interest in PurePenn LLC, a Pennsylvania based operation holding licenses that, to the knowledge of Moxie, are in good standing to grow and process marijuana in the Commonwealth of Pennsylvania. The Company, and to the Company’s knowledge, Moxie, are fully in compliance with respect to their respective cannabis-related activities and have not

¹² H.R.2 - 115th Congress (2017-2018): Agriculture Improvement Act of 2018, Congress.gov (2018), <https://www.congress.gov/bill/115th-congress/house-bill/2/text>.

¹³ See, e.g., 21 C.F.R. § 1308.35.

received any uncorrected notices of violations with respect to any of their cannabis-related activities by any regulatory authority. The Company will promptly disclose any non-compliance, citations or notices of violation which may have an impact on its licenses, business activities or operations.

While the Company's, and to the Company's knowledge, Henderson Organic's and Moxie's, business activities are compliant with applicable state and local law, such activities remain illegal under United States federal law. See "*Risk Factors*" for more details.

The Company and Moxie each maintain a rigorous compliance program to ensure that each complies with all laws, regulations, and local rules applicable in the cannabis industry. The General Counsel of the Company, and with respect to Moxie, the SVP of Finance and VP of Operations, oversee, maintain, and implement their respective compliance programs and personnel in order to ensure that operations do not endanger the health, safety, or welfare of the community and that of each of the Company and Moxie is compliant with state laws and regulations. In addition, the Company and Moxie each retain regulatory and compliance counsel proficient (and in the case of Moxie, a third-party quality assurance auditor) in those jurisdictions in which each operates or is actively pursuing operations. The Company and Moxie each utilize security employees and contractors to ensure that their respective operations comply at all times with formal security procedures and policies.

Compliance begins with the proper training of employees. The Company has and will continue to offer robust employee training plan for those individuals involved in the cultivation, production, dispensing, or distribution of cannabis. The Company is committed to providing employees and customers with training and up-to-date information that will help them better understand the legal and operational issues regarding the use of cannabis and cannabis-infused products pursuant to applicable law. Employees and volunteers are trained before working in a facility and are required to complete mandatory on-going training and performance evaluations.

The compliance program of Henderson Organic is substantially similar to the process described above for the Company.

The following table sets forth a summary of the operations of the Company and its subsidiaries in the U.S., detailing (i) the applicable state(s) of operations; (ii) whether such operations relate to medical or adult-use cannabis; (iii) whether the activities of the Company or its subsidiaries are direct, indirect or ancillary in nature (as defined in Staff Notice 51-352); (iv) the number and type of licenses held by the Company or its subsidiaries; and (v) whether such licensed facilities are operational.

U.S. Operations Chart¹⁴

Entity	U.S. State of Operation	Medical or Adult-Use Cannabis	Direct / Indirect / Ancillary	Number of Licenses	Operational
GGB HoldCo Inc. ¹⁵	Delaware	N/A	Direct	None	N/A
Green Growth Brands LLC	Delaware Florida Ohio	N/A	Ancillary ¹⁶	None	N/A
GGB Beauty LLC	Alabama Arizona Arkansas	N/A	Ancillary ¹⁷	None	N/A

¹⁴ This table identifies all U.S. operations of the Company and its subsidiaries and excludes the following entities, which do not have any U.S. operations or are inactive: Green Growth Brands Inc. (no U.S. operations), GGB Canada Inc. (no U.S. operations), Green Growth Brands Realty Ltd. (no U.S. operations), Xanthic Biopharma Ltd. (inactive), Green Growth Brands Realty LLC (inactive), GGB GN LLC (inactive), GGB Kiosks LLC (inactive), GGB New Jersey LLC (inactive), GGB Arizona LLC (inactive), GGB Michigan LLC (inactive), GGB Connecticut LLC (inactive), Xanthic Biopharma US Hold Co. (inactive) and Xanthic Colorado LLC (inactive).

¹⁵ GGB HoldCo Inc. is incorporated in Delaware and is directly operational in the U.S. cannabis industry in other jurisdictions through its subsidiaries.

¹⁶ The Company provides goods and/or services including, but not limited to, financing, management, consulting and/or administrative services to these license holders to assist in the operations of their cannabis businesses.

¹⁷ See footnote 16.

	California Colorado Connecticut Delaware Florida Georgia Hawaii Illinois Indiana Kansas Kentucky Maine Maryland Massachusetts Michigan Minnesota Missouri Nevada New Hampshire New Jersey New York North Carolina Ohio Oklahoma Oregon Pennsylvania Rhode Island South Carolina Tennessee Texas Utah Wisconsin				
GGB Licenses LLC	Delaware Florida Ohio	N/A	Ancillary ¹⁸	None	N/A
GGB Green Holdings LLC	Delaware Ohio	Medical and Adult-Use	Direct	None	N/A
GGB Massachusetts LLC	Delaware Massachusetts	Adult-Use	Direct	None	No
GGB Massachusetts Land	Delaware Massachusetts	Adult-Use	Ancillary ¹⁹	None	No
Just Healthy LLC	Massachusetts	Adult-Use	Direct	1 provisional certificate of registration	No
GGB Nevada LLC	Nevada	Medical and Adult-Use	Direct	None	No
GGB Nevada Pahrump LLC	Nevada	Medical and Adult-Use	Direct	None	No
GGB Nevada Land LLC	Nevada	Medical and Adult-Use	Ancillary ²⁰	None	No

¹⁸ See footnote 16.¹⁹ See footnote 16.²⁰ See footnote 16.

Nevada Organic Remedies LLC	Nevada	Medical and Adult-Use	Direct	7 licenses, including: 2 cultivation (medical and adult-use, 2 dispensary (medical and adult-use), 2 production (medical and adult-use) and 1 distribution; 7 additional provisional adult-use dispensary licenses	Yes
Wellness Orchards of Nevada LLC	Nevada	Medical and Adult-Use	Direct	2 cultivation licenses (medical and adult-use)	Yes
Sahara Merchants LLC	Nevada	Medical and Adult-Use	Ancillary ²¹	None	N/A
GGB Florida LLC	Delaware Florida	Medical	Direct	None	N/A
GGB Florida Land LLC	Delaware Florida	Medical	Ancillary ²²	None	N/A
Spring Oaks Greenhouses Inc.	Florida	Medical	Direct	1 vertical license	No

The following sections describe the legal and regulatory landscape in the states in which the Company, and in the case of Nevada, Henderson Organic and Moxie, operate, namely Massachusetts, Nevada and Florida:

Massachusetts (Medical)

The Commonwealth of Massachusetts has authorized the cultivation, possession and distribution of marijuana for medical purposes by certain licensed Massachusetts marijuana businesses. The Medical Use of Marijuana Program (the “**MUMP**”) registers qualifying patients, personal caregivers, Registered Marijuana Dispensaries (“**RMDs**”), and RMD agents. The MUMP was established by Chapter 369 of the Acts of 2012, “An Act for the Humanitarian Medical Use of Marijuana”, following the passage of the Massachusetts Medical Marijuana Initiative, Ballot Question 3, in the 2012 general election. Additional statutory requirements governing the MUMP were enacted by the Legislature in 2017 and codified at G.L. c. 94I, et. seq. (the “**Massachusetts Medical Act**”). RMD Certificates of Registration are vertically integrated licenses in that each RMD Certificate of Registration entitles a license holder to one cultivation facility, one processing facility and one dispensary locations. There is a limit of three (3) RMD licenses per person/entity.

The Commonwealth of Massachusetts Cannabis Control Commission (“**CCC**”) regulations, 935 CMR 501.000 et seq. (“**Massachusetts Medical Regulations**”), provide a regulatory framework that requires RMDs to cultivate, process, transport and dispense medical cannabis in a vertically integrated marketplace. Patients with debilitating medical conditions qualify to participate in the program, including conditions such as cancer, glaucoma, positive status for human immunodeficiency virus (HIV), acquired immune deficiency virus (AIDS), hepatitis C, amyotrophic lateral sclerosis (ALS), Crohn’s disease, Parkinson’s disease, and multiple sclerosis (MS) when such diseases are debilitating,

²¹ See footnote 16.

²² See footnote 16.

and other debilitating conditions as determined in writing by a qualifying patient's healthcare provider. The CCC assumed control of the MUMP from the Department of Public Health on December 23, 2018.

The Company (through its subsidiaries in the Commonwealth of Massachusetts) is in compliance with applicable licensing requirements and the regulatory framework enacted by the Commonwealth of Massachusetts.

Massachusetts Licensing Requirements (Medical)

The Massachusetts Medical Regulations delineate the licensing requirements for RMDs in Massachusetts. Licensed entities must demonstrate the following: (i) they are licensed and in good standing with the Secretary of the Commonwealth of Massachusetts; (ii) no executive, member or any entity owned or controlled by such executive or member directly or indirectly controls more than three RMD licenses; (iii) vaporizers must be made available for sale; (iv) an RMD may not cultivate and dispense medical cannabis from more than two locations statewide; (v) dispensary agents must be registered with the Massachusetts Department; (vi) an RMD must have a program to provide reduced cost or free marijuana to patients with documented verifiable financial hardships; (vii) one executive of an RMD must register with the Massachusetts Department of Criminal Justice Information Services on behalf of the entity as an organization user of the Criminal Offender Record Information (iCORI) system; (viii) the RMD applicant has at least \$500,000 in its control as evidenced by bank statements, lines of credit or equivalent; and (ix) payment of the required application fee.

In an RMD application, an applicant must also demonstrate or include: (i) name, address date of birth and resumes of each executive of the applicant and of the members of the entity; (ii) proof of liability insurance coverage in compliance with statutes; (iii) detailed summary of the business plan for the RMD; (iv) an operational plan for the cultivation of marijuana including a detailed summary of policies and procedures; and (v) a detailed summary of the operating policies and procedures for the operations of the RMD including security, prevention of diversion, storage of marijuana, transportation of marijuana, inventory procedures, procedures for quality control and testing of product for potential contaminants, procedures for maintaining confidentiality as required by law, personnel policies, dispensing procedures, record keeping procedures, plans for patient education and any plans for patient or personal caregiver home delivery. An RMD applicant must also demonstrate that it has (i) a successful track record of running a business; (ii) a history of providing healthcare services or services providing marijuana for medical purposes in or outside of Massachusetts; (iii) proof of compliance with the laws of the Commonwealth of Massachusetts; (iv) complied with the laws and orders of the Commonwealth of Massachusetts; and (v) a satisfactory criminal and civil background.

Upon the determination by the Massachusetts Department that an RMD applicant has responded to the application requirements in a satisfactory fashion, the RMD applicant is required to pay the applicable registration fee and shall be issued a provisional certificate of registration. Thereafter, the Massachusetts Department shall review architectural plans for the building of the RMD's cultivation facility and/or dispensing facilities, and shall either approve, modify or deny the same. Once approved, the RMD provisional license holder shall construct its facilities in conformance with the requirements of the Massachusetts Regulations. Once the Massachusetts Department completes its inspections and issues approval for an RMD of its facilities, the Massachusetts Department shall issue a final certificate of registration to the RMD applicant. RMD final certificates of registration are valid for one year, and shall be renewed by filing the required renewal application no later than sixty days prior to the expiration of the certificate of registration.

Massachusetts Licenses (Medical)

The table below describes the cannabis-related licenses held by the Company and its subsidiaries in the State of Massachusetts:

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable)	Description
Just Healthy LLC	Provisional Certificate of Registration	Northampton, MA	N/A	Dispensary, cultivation and processing site, and up to three medical dispensaries with

				preferred treatment for future adult-use
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The licenses in Massachusetts are renewed annually. Before expiry, licensees are required to submit a renewal application. While renewals are granted annually, there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, Just Healthy LLC would expect to receive the applicable renewed license in the ordinary course of business.

Massachusetts Dispensary Requirements (Medical)

A RMD shall follow its written and approved operation procedures in the operation of its dispensary locations. Operating procedures shall include (i) security measures in compliance with the Massachusetts Regulations; (ii) employee security policies including personal safety and crime prevention techniques; (iii) hours of operation and after-hours contact information; (iv) a price list for marijuana; (v) storage protocols in compliance with state law; (vi) a description of the various strains of marijuana that will be cultivated and dispensed, and the forms that will be dispensed; (vii) procedures to ensure accurate recordkeeping including inventory protocols; (viii) plans for quality control; (ix) a staffing plan and staffing records; (x) diversion identification and reporting protocols; and (xi) policies and procedures for the handling of cash on RMD premises including storage, collection frequency and transport to financial institutions. The siting of dispensary locations is expressly subject to local/municipal approvals pursuant to state law, and municipalities control the permitting application process that a RMD must comply with. More specifically, a RMD shall comply with all local requirements regarding siting, provided however that if no local requirements exist, a RMD shall not be sited within a radius of five hundred feet of a school, daycare center, or any facility in which children commonly congregate. The 500-foot distance under this section is measured in a straight line from the nearest point of the facility in question to the nearest point of the proposed RMD. The Massachusetts Regulations require that RMDs limit their inventory of seeds, plants, and useable marijuana to reflect the projected needs of registered qualifying patients. A RMD shall only dispense to a registered qualifying patient who has a current valid certification.

Massachusetts Security Requirements (Medical)

A RMD shall implement sufficient security measures to deter and prevent unauthorized entrance into areas containing marijuana and theft of marijuana at the RMD. These measures must include: (i) allowing only registered qualifying patients, caregivers, dispensary agents, authorized persons, or approved outside contractors access to the RMD facility; (ii) preventing individuals from remaining on the premises of a RMD if they are not engaging in activities that are permitted; (iii) disposing of marijuana or byproducts in compliance with law; (iv) establishing limited access areas accessible only to authorized personnel; (v) storing finished marijuana in a secure locked safe or vault; (vi) keeping equipment, safes, vaults or secured areas securely locked; (vii) ensuring that the outside perimeter of the RMD is sufficiently lit to facilitate surveillance; and (viii) ensuring that landscaping or foliage outside of the RMD does not allow a person to conceal themselves. A RMD shall also utilize a security/alarm system that: (i) monitors entry and exit points and windows and doors, (ii) includes a panic/duress alarm, (iii) includes system failure notifications, (iv) includes 24 hour video surveillance of safes, vaults, sales areas, areas where marijuana is cultivated, processed or dispensed, and (v) includes date and time stamping of all records and the ability to produce a clear, color still photo. The video surveillance system shall have the capacity to remain operational during a power outage. The RMD shall also maintain a backup alarm system with the capabilities of the primary system, and both systems shall be maintained in good working order and shall be inspected and tested on regular intervals.

Massachusetts Transportation (Medical)

Marijuana or marijuana-infused products (“MIPs”) may only be transported by dispensary agents on behalf of a RMD: (i) between separately-owned RMDs in compliance with 725.105(B)(2) of the Massachusetts Regulations; (ii) between RMD sites owned by the same non-profit entity; (iii) between a RMD and a testing laboratory; (iv) from the RMD to the destruction or disposal site; or (v) from a RMD to the primary residences of registered qualifying patients. A RMD shall staff transport vehicles with a minimum of two dispensary agents. At least one dispensary agent shall remain with the

vehicle when the vehicle contains marijuana or MIPs. Prior to leaving the origination location, a RMD must weigh, inventory, and account for, on video, the marijuana to be transported.

Marijuana must be packaged in sealed, labeled, and tamper-proof packaging prior to and during transportation. In the case of an emergency stop, a log must be maintained describing the reason for the stop, the duration, the location, and any activities of personnel exiting the vehicle. A RMD shall ensure that delivery times and routes are randomized. Each dispensary agent shall carry his or her Massachusetts Department-issued MUMP ID Card when transporting marijuana or MIPs and shall produce it to Massachusetts Department representatives or law enforcement officials upon request. Where videotaping is required when weighing, inventorying, and accounting of marijuana before transportation or after receipt, the video must show each product being weighed, the weight, and the manifest. A RMD must document and report any unusual discrepancy in weight or inventory to the Massachusetts Department and local law enforcement within 24 hours. A RMD shall report to the Massachusetts Department and local law enforcement any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport, within 24 hours. A RMD shall retain transportation manifests for no less than one year and make them available to the Massachusetts Department upon request. Any cash received from a qualifying patient or personal caregiver must be transported to a RMD immediately upon completion of the scheduled deliveries. Vehicles used in transportation must be owned, leased or rented by the RMD, be properly registered, and contain a GPS system that is monitored by the RMD during transport of marijuana and said vehicle must be inspected and approved by the Massachusetts Department prior to use.

During transit, a RMD shall ensure that: (i) marijuana or MIPs are transported in a secure, locked storage compartment that is part of the vehicle transporting the marijuana or MIPs; (ii) the storage compartment cannot be easily removed (for example, bolts, fittings, straps or other types of fasteners may not be easily accessible and not capable of being manipulated with commonly available tools); (iii) marijuana or MIPs are not visible from outside the vehicle; and (iv) product is transported in a vehicle that bears no markings indicating that the vehicle is being used to transport marijuana or MIPs and does not indicate the name of the RMD. Each dispensary agent transporting marijuana or MIPs shall have access to a secure form of communication with personnel at the origination location when the vehicle contains marijuana or MIPs.

Massachusetts Department Inspections (Medical)

The Massachusetts Department or its agents may inspect a RMD and affiliated vehicles at any time without prior notice. A RMD shall immediately upon request make available to the Massachusetts Department information that may be relevant to a Massachusetts Department inspection, and the Massachusetts Department may direct a RMD to test marijuana for contaminants. Any violations found will be noted in a deficiency statement that will be provided to the RMD, and the RMD shall thereafter submit a Plan of Correction to the Massachusetts Department outlining with particularity each deficiency and the timetable and steps to remediate the same. The Massachusetts Department shall have the authority to suspend or revoke a certificate of registration in accordance with 105 CMR 725.405 of the Regulation of adult-use cannabis in Massachusetts.

Massachusetts (Adult-Use)

Adult-use marijuana has been legal in Massachusetts since December 15, 2016, following a ballot initiative in November of that year. The Cannabis Control Commission, a regulatory body created in 2018, licenses adult-use cultivation, processing and dispensary facilities (collectively, “**Marijuana Establishments**”) pursuant to 935 CMR 500.000 et seq. The first adult-use marijuana facilities in Massachusetts began operating in November 2018.

The Company (through its subsidiaries in the Commonwealth of Massachusetts) is in compliance with applicable licensing requirements and the regulatory framework enacted by the Commonwealth of Massachusetts.

Massachusetts Licensing Requirements (Adult-Use)

Pursuant to section 500.101(2), RMDs that have received a provisional or final certificate of registration are authorized to apply for a vertically integrated Marijuana Establishment license on a priority basis over new applicants without a RMD certification. The same application requirements exist for a Marijuana Establishment license as a RMD application, and each owner, officer or member must undergo background checks and fingerprinting with the Cannabis Control

Commission. Applicants must submit the location and identification of each site, and must establish a property interest in the same, and the applicant and the local municipality must have entered into a host agreement authorizing the location of the adult-use Marijuana Establishment within the municipality, and said agreement must be included in the application. Applicants must include disclosure of any regulatory actions against it by the Commonwealth of Massachusetts, as well as the civil and criminal history of the applicant and its owners, officers, principals or members. The application must include the RMD applicant's plans for separating medical and adult-use operations, proposed timeline for achieving operations, liability insurance, business plan, and a detailed summary describing and/or updating or modifying the RMD's existing medical marijuana operating policies and procedures for adult-use including security, prevention of diversion, storage, transportation, inventory procedures, quality control, dispensing procedures, personnel policies, record keeping, maintenance of financial records and employee training protocols.

The adult-use license application process commenced on April 1, 2018 for existing RMD license holders, and on July 1, 2018 for all non-RMD license holders. Existing RMD license holders that timely applied for an adult-use license on or before April 1, 2018 are eligible to receive three adult-use licenses per medical RMD license. Namely, one integrated RMD medical license is eligible, if awarded by the Cannabis Control Commission, to receive three adult-use licenses as follows: one for cultivation, one for processing, and one for dispensary.

No person or entity may own more than 10% or "control" more than three licenses in each Marijuana Establishment class (i.e., marijuana retailer, marijuana cultivator, marijuana product manufacturer). Additionally, there is a 100,000 square foot cultivation canopy for adult-use licenses; however, there is no canopy restriction for RMD license holders relative to their cultivation facility.

Massachusetts Dispensary Requirements (Adult-Use)

Marijuana retailers are subject to certain operational requirements in addition to those imposed on Marijuana Establishments generally. Dispensaries must immediately inspect patrons' identification to ensure that everyone who enters is at least twenty-one years of age. Dispensaries may not dispense more than one ounce of marijuana or five grams of marijuana concentrate per transaction. Point-of-sale systems must be approved by the CCC, and retailers must record sales data. Records must be retained and available for auditing by the CCC and Department of Revenue. Dispensaries must also make patient education materials available to patrons. Such materials must include:

- A warning that marijuana has not been analyzed or approved by the FDA, that there is limited information on side effects, that there may be health risks associated with using marijuana, and that it should be kept away from children;
- A warning that when under the influence of marijuana, driving is prohibited by M.G.L. c. 90, § 24, and machinery should not be operated;
- Information to assist in the selection of marijuana, describing the potential differing effects of various strains of marijuana, as well as various forms and routes of administration;
- Materials offered to consumers to enable them to track the strains used and their associated effects;
- Information describing proper dosage and titration for different routes of administration, with an emphasis on using the smallest amount possible to achieve the desired effect;
- A discussion of tolerance, dependence, and withdrawal;
- Facts regarding substance abuse signs and symptoms, as well as referral information for substance abuse treatment programs;
- A statement that consumers may not sell marijuana to any other individual;
- Information regarding penalties for possession or distribution of marijuana in violation of Massachusetts law; and
- Any other information required by the CCC.

Massachusetts Security and Storage Requirements (Adult-Use)

Each Marijuana Establishment must implement sufficient safety measures to deter and prevent unauthorized entrance into areas containing marijuana and theft of marijuana at the Marijuana Establishment. Security measures taken by the

establishments to protect the premises, employees, consumers and general public shall include, but not be limited to, the following:

- Positively identifying individuals seeking access to the premises of the Marijuana Establishment or to whom or marijuana products are being transported pursuant to 935 CMR 500.105(14) to limit access solely to individuals 21 years of age or older;
- Adopting procedures to prevent loitering and ensure that only individuals engaging in activity expressly or by necessary implication permitted by these regulations and its enabling statute are allowed to remain on the premises;
- Disposing of marijuana in accordance with 935 CMR 500.105(12) in excess of the quantity required for normal, efficient operation as established within 935 CMR 500.105;
- Securing all entrances to the Marijuana Establishment to prevent unauthorized access;
- Establishing limited access areas pursuant to 935 CMR 500.110(4), which shall be accessible only to specifically authorized personnel limited to include only the minimum number of employees essential for efficient operation;
- Storing all finished marijuana products in a secure, locked safe or vault in such a manner as to prevent diversion, theft and loss;
- Keeping all safes, vaults, and any other equipment or areas used for the production, cultivation, harvesting, processing or storage of marijuana products securely locked and protected from entry, except for the actual time required to remove or replace marijuana;
- Keeping all locks and security equipment in good working order;
- Prohibiting keys, if any, from being left in the locks or stored or placed in a location accessible to persons other than specifically authorized personnel;
- Prohibiting accessibility of security measures, such as combination numbers, passwords or electronic or biometric security systems, to persons other than specifically authorized personnel;
- Ensuring that the outside perimeter of the Marijuana Establishment is sufficiently lit to facilitate surveillance, where applicable;
- Ensuring that all marijuana products are kept out of plain sight and are not visible from a public place without the use of binoculars, optical aids or aircraft;
- Developing emergency policies and procedures for securing all product following any instance of diversion, theft or loss of marijuana, and conduct an assessment to determine whether additional safeguards are necessary;
- Developing sufficient additional safeguards as required by the CCC for Marijuana Establishment that present special security concerns; and
- Sharing the Marijuana Establishment's security plan and procedures with law enforcement authorities and fire services and periodically updating law enforcement authorities and fire services if the plans or procedures are modified in a material way.

Marijuana must be stored in special limited access areas, and alarm systems must meet certain technical requirements, including the ability to record footage to be retained for at least 90 days.

Massachusetts Transportation Requirements (Adult-Use)

Marijuana products may only be transported between licensed Marijuana Establishment by registered Marijuana Establishment agents. A licensed marijuana transporter may contract with a licensed Marijuana Establishment to transport that licensee's marijuana products to other licensed Marijuana Establishments. The originating and receiving licensed Marijuana Establishment shall ensure that all transported marijuana products are linked to the seed-to-sale tracking program. For the purposes of tracking, seeds and clones will be properly tracked and labeled in a form and manner determined by the CCC. Any marijuana product that is undeliverable or is refused by the destination Marijuana Establishment shall be transported back to the originating Marijuana Establishment. All vehicles transporting marijuana products shall be staffed with a minimum of two Marijuana Establishment agents. At least one agent shall remain with the vehicle at all times that the vehicle contains marijuana or marijuana products. Prior to the products leaving a Marijuana Establishment for the purpose of transporting marijuana products, the originating Marijuana Establishment must weigh, inventory, and account for, on video, all marijuana products to be transported. Within eight hours after

arrival at the destination Marijuana Establishment, the destination Marijuana Establishment must re-weigh, re-inventory, and account for, on video, all marijuana products transported. When videotaping the weighing, inventorying, and accounting of marijuana products before transportation or after receipt, the video must show each product being weighed, the weight, and the manifest. Marijuana products must be packaged in sealed, labeled, and tamper or child-resistant packaging prior to and during transportation. In the case of an emergency stop during the transportation of marijuana products, a log must be maintained describing the reason for the stop, the duration, the location, and any activities of personnel exiting the vehicle. A Marijuana Establishment or a marijuana transporter transporting marijuana products is required to ensure that all transportation times and routes are randomized. An Marijuana Establishment or transporter transporting marijuana products shall ensure that all transport routes remain within Massachusetts. All vehicles and transportation equipment used in the transportation of cannabis products or edibles requiring temperature control for safety must be designed, maintained, and equipped as necessary to provide adequate temperature control to prevent the cannabis products or edibles from becoming unsafe during transportation, consistent with applicable requirements pursuant to 21 CFR 1.908(c).

Vehicles used for transport must be owned or leased by the Marijuana Establishment or transporter, and they must be properly registered, inspected, and insured in Massachusetts. Marijuana may not be visible from outside the vehicle, and it must be transported in a secure, locked storage compartment. Each vehicle must have a global positioning system, and any agent transporting marijuana must have access to a secure form of communication with the originating location.

CCC Inspections

The CCC or its agents may inspect a Marijuana Establishment and affiliated vehicles at any time without prior notice in order to determine compliance with all applicable laws and regulations. All areas of a Marijuana Establishment, all Marijuana Establishment agents and activities, and all records are subject to such inspection. Marijuana Establishments must immediately upon request make available to the Commission all information that may be relevant to a CCC inspection, or an investigation of any incident or complaint. A Marijuana Establishment must make all reasonable efforts to facilitate the CCC's inspection, or investigation of any incident or complaint, including the taking of samples, photographs, video or other recordings by the CCC or its agents, and to facilitate the CCC's interviews of Marijuana Establishment agents. During an inspection, the CCC may direct a Marijuana Establishment to test marijuana for contaminants as specified by the CCC, including but not limited to mold, mildew, heavy metals, plant growth regulators, and the presence of pesticides not approved for use on marijuana by the Massachusetts Department of Agricultural Resources.

Moreover, the CCC is authorized to conduct a secret shopper program to ensure compliance with all applicable laws and regulations.

U.S. Attorney Statements in Massachusetts

In January 2018, Andrew E. Lelling, the US Attorney for the District of Massachusetts, issued the following statement: "I understand that there are people and groups looking for additional guidance from this office about its approach to enforcing federal laws criminalizing marijuana cultivation and trafficking. I cannot, however, provide assurances that certain categories of participants in the state-level marijuana trade will be immune from federal prosecution. This is a straightforward rule of law issue. Congress has unambiguously made it a federal crime to cultivate, distribute and/or possess marijuana. As a law enforcement officer in the Executive Branch, it is my sworn responsibility to enforce that law, guided by the Principles of Federal Prosecution. To do that, however, I must proceed on a case-by-case basis, assessing each matter according to those principles and deciding whether to use limited federal resources to pursue it. Deciding, in advance, to immunize a certain category of actors from federal prosecution would be to effectively amend the laws Congress has already passed, and that I will not do. The kind of categorical relief sought by those engaged in state-level marijuana legalization efforts can only come from the legislative process."

Nevada

Nevada has a legislatively enacted medical marijuana program since 2013 and passed adult-use legalization by voter initiative in November 2016. In 2000, Nevada voters passed a medical marijuana initiative allowing physicians to

recommend cannabis for an inclusive set of qualifying conditions including chronic pain and created a limited non-commercial medical marijuana patient/caregiver system. Senate Bill 374, which passed the legislature and was signed by the Governor in 2013, expanded this program and established a for-profit regulated medical marijuana business industry.

The Nevada Division of Public and Behavioral Health licensed medical marijuana establishments up until July 1, 2017 when the State's medical marijuana program merged with adult-use marijuana enforcement under the State of Nevada Department of Taxation, Marijuana Enforcement Division (the "**Nevada Taxation Department**"). In 2014, Nevada accepted medical marijuana business applications and a few months later the division approved 182 cultivation licenses, 118 licenses for the production of edibles and infused products, 17 independent testing laboratories, and 55 medical marijuana dispensary licenses. The number of dispensary licenses was then increased to 66 by legislative action in 2015. The application process is merit-based, competitive, and is currently closed. Residency is not required to own or invest in a Nevada medical cannabis business. In addition, vertical integration is neither required nor prohibited. Nevada's medical law includes patient reciprocity, which permits medical patients from other States to purchase marijuana from Nevada dispensaries. Nevada also allows for dispensaries to deliver medical marijuana to patients.

Each medical marijuana establishment must register with the Nevada Taxation Department and apply for a medical marijuana establishment registration certificate. As noted above, the application process is competitive, and, among other requirements, there are minimum liquidity requirements and restrictions on the geographic location of a medical marijuana establishment as well as restrictions relating to the age and criminal background of employees, owners, officers and board members of the establishment. All employees must be over 21 and all owners, officers and board members must not have any previous felony convictions or had a previously granted medical marijuana registration revoked. Additionally, each volunteer, employee, officer, board member, and owner of an effective 5% or greater interest of a medical marijuana establishment must be individually registered with the Nevada Taxation Department as a medical marijuana agent and hold a valid medical marijuana establishment agent card. The establishment must have adequate security measures and use an electronic verification system and inventory control system. If the proposed medical marijuana establishment will sell or deliver edible marijuana products or marijuana-infused products, the proposed establishment must establish operating procedures for handling such products, which must be preapproved by the Nevada Taxation Department.

In response to the rescission of the Cole Memorandum, Nevada Attorney General Adam Laxalt had issued a public statement, pledging to defend the law after it was approved by voters. Then-Governor Brian Sandoval also stated, "Since Nevada voters approved the legalization of adult-use marijuana in 2016, I have called for a well-regulated, restricted and respected industry. My administration has worked to ensure these priorities are met while implementing the will of the voters and remaining within the guidelines of both the Cole and Wilkinson federal memos," and that he would like for Nevada to follow in the footsteps of Colorado, where the U.S. attorneys do not plan to change the approach to prosecuting crimes involving adult-use marijuana.

To the knowledge of the GGB's management, there have not been any additional statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Nevada.

In determining whether to issue a medical marijuana establishment registration certificate pursuant to NRS 453A.322, the Nevada Taxation Department, in addition the application requirements set out, considers the following criteria of merit:

- the total financial resources of the applicant, both liquid and illiquid;
- the previous experience of the persons who are proposed to be owners, officers or board members of the proposed medical marijuana establishment at operating other businesses or non-profit organizations;
- the educational achievements of the persons who are proposed to be owners, officers or board members of the proposed medical marijuana establishment;
- any demonstrated knowledge or expertise on the part of the persons who are proposed to be owners, officers or board members of the proposed medical marijuana establishment with respect to the compassionate use of marijuana to treat medical conditions;

- whether the proposed location of the proposed medical marijuana establishment would be convenient to serve the needs of persons who are authorized to engage in the medical use of marijuana;
- the likely impact of the proposed medical marijuana establishment on the community in which it is proposed to be located;
- the adequacy of the size of the proposed medical marijuana establishment to serve the needs of persons who are authorized to engage in the medical use of marijuana;
- whether the applicant has an integrated plan for the care, quality and safekeeping of medical marijuana from seed to sale;
- the amount of taxes paid to, or other beneficial financial contributions made to, the State of Nevada or its political subdivisions by the applicant or the persons who are proposed to be owners, officers or board members of the proposed medical marijuana establishment; and
- any other criteria of merit that the Nevada Taxation Department determines to be relevant.

A medical marijuana establishment registration certificate expires 1 year after the date of issuance and may be renewed upon resubmission of the application information and renewal fee to the Nevada Taxation Department.

The Company (through its subsidiary in the State of Nevada) is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of Nevada.

Adult-Use Marijuana Program

The sale of marijuana for adult-use in Nevada was approved by ballot initiative on November 8, 2016, and Nevada Revised Statute 453D exempts a person who is 21 years of age or older from state or local prosecution for possession, use, consumption, purchase, transportation or cultivation of certain amounts of marijuana and requires the Nevada Taxation Department to begin receiving applications for the licensing of marijuana establishments on or before January 1, 2018. The legalization of retail marijuana does not change the medical marijuana program.

In February 2017, the Nevada Taxation Department announced plans to issue “early start” adult-use marijuana establishment licenses in the summer of 2017. These licenses, which began on July 1, 2017, allowed marijuana establishments holding both a retail marijuana store and dispensary license to sell their existing medical marijuana inventory as either medical or adult-use marijuana, and expired at the end of the year. As of July 1, 2017, medical and adult-use marijuana have incurred a 15% excise tax on the first wholesale sale (calculated on the fair market value) and adult-use cannabis has incurred an additional 10% special retail marijuana sales tax in addition to any general State and local sales and use taxes.

On January 16, 2018, the Nevada Taxation Department issued final rules governing its adult-use marijuana program, pursuant to which up to sixty-six (66) permanent adult-use marijuana dispensary licenses will be issued. Existing adult-use marijuana licensees under the “early start” regulations must re-apply for licensure under the permanent rules in order to continue adult-use sales.

Under Nevada’s adult-use marijuana law, the Nevada Taxation Department licenses marijuana cultivation facilities, product manufacturing facilities, distributors, retail stores and testing facilities. For the first 18 months, applications to the Nevada Taxation Department for adult-use distribution establishment licenses can only be accepted from existing medical marijuana establishments and existing liquor distributors.

In September, 2018, the Nevada Taxation Department accepted applications from existing Nevada medical marijuana establishment certificate owners to be awarded licenses for approximately 65 retail marijuana stores throughout the State. The application period closed on September 20, 2018, and the additional retail store licenses were awarded by the Nevada Taxation Department on December 5, 2018.

Regulatory Framework

The State of Nevada utilizes METRC as its statewide seed-to-sale tracking system for all marijuana and marijuana products. All licensees within the State system are required, either directly or through third-party software systems that

are capable of data integration, to report to the State all creation and transfers of such inventory to other licensees and sales to consumers. The Company (through its subsidiary) intends to designate a third-party computerized seed-to-sale inventory software tracking system designed to integrate with METRC via an application programming interface.

Licensing Requirements

As discussed above, there are five certificate/license types issued in the State of Nevada:

1. “Marijuana cultivation facility” means an entity licensed to cultivate, process, and package marijuana, to have marijuana tested by a marijuana testing facility, and to sell marijuana to retail marijuana stores, to marijuana product manufacturing facilities, and to other marijuana cultivation facilities, but not to consumers. NRS 453D.030(9).
2. “Marijuana product manufacturing facility” means an entity licensed to purchase marijuana, manufacture, process, and package marijuana and marijuana products, and sell marijuana and marijuana products to other marijuana product manufacturing facilities and to retail marijuana stores, but not to consumers. NRS 453D.030(12).
3. “Retail marijuana store” means an entity licensed to purchase marijuana from marijuana cultivation facilities, to purchase marijuana and marijuana products from marijuana product manufacturing facilities and retail marijuana stores, and to sell marijuana and marijuana products to consumers. NRS 453D.030(18).
4. “Marijuana distributor” means an entity licensed to transport marijuana from a marijuana establishment to another marijuana establishment. NRS 453D.030(10).
5. “Marijuana testing facility” means an entity licensed to test marijuana and marijuana products, including for potency and contaminants. NRS 453D.030(15).

The table below describes the cannabis-related licenses held by the Company and its subsidiaries in the State of Nevada:

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable)	Description
Wellness Orchards of Nevada LLC	Medical Cultivation License No. 06113068616119421027	Pahrump	6/30/20	Cultivation
Wellness Orchards of Nevada LLC	Adult-Use / Cultivation License No. 75650075113718192894	Pahrump	6/30/20	Cultivation
Nevada Organic Remedies LLC	Adult-Use Dispensary License No. 024414260227553521200	Las Vegas	6/30/20	Retail
Nevada Organic Remedies LLC	Medical Dispensary License No. 51266222807288437193	Las Vegas	6/30/20	Medical
Nevada Organic Remedies LLC	Adult-Use / Cultivation License No. 89537461737742132623	Las Vegas	6/30/20	Cultivation
Nevada Organic	Distribution	Las Vegas	6/30/20	Distribution

Remedies LLC	License No. 66956185074616370216			
Nevada Organic Remedies LLC	Medical Cultivation License No. 88242054656300627601	Las Vegas	6/30/20	Cultivation
Nevada Organic Remedies LLC	Medical Production License No. 72792951478780009507	Las Vegas	6/30/20	Production
Nevada Organic Remedies LLC	Adult-Use Production License No. 88853210986743836974	Las Vegas	6/30/20	Production

The table below describes the cannabis-related licenses held by Henderson Organic and its subsidiaries in the State of Nevada (expected to be transferred to the Company on or around August 28, 2019, being the expected completion date of the Henderson Acquisition):

Holding Entity	Permit/License	Issuing Entity	City	Expiration/Renewal Date (if applicable)	Description
Henderson Organic Remedies LLC	Medical Dispensary License No. 30554192662175908311	NV. Dept. of Taxation	Henderson	6/30/20	Medical
Henderson Organic Remedies LLC	Adult-Use Dispensary License No. 59287610826909824091	NV. Dept. of Taxation	Henderson	6/30/20	Retail

Moxie is not licensed in the State of Nevada, but has an advisory services agreement and a brand license agreement with the Nevada Partner and has the right to advise marijuana operations with the Nevada Partner, a Nevada license holder for medical and marijuana cultivation and production.

Administration of the regular retail program in Nevada is governed by Nevada Revised Statutes Section 453D and the Adopted Regulation of the Nevada Department of Taxation, LCB File R092-17 (the “**Nevada Adult-Use Regulation**”). The Nevada Adult-Use Regulation was adopted on February 27, 2018 and is a regulation relating to marijuana responsible for: (i) revising requirements relating to independent testing laboratories; (ii) providing for the licensing of marijuana establishments and registration of marijuana establishment agents; (iii) providing requirements concerning the operation of marijuana establishments; (iv) providing additional requirements concerning the operation of marijuana cultivation facilities, marijuana distributors, marijuana product manufacturing facilities, marijuana testing facilities and retail marijuana stores; (v) providing standards for the packaging and labeling marijuana and marijuana products; (vi) providing requirements relating to the production of edible marijuana products and other marijuana products; (vii) providing standards for the cultivation and production of marijuana; (viii) establishing requirements relating to advertising by marijuana establishments; (ix) establishing provisions relating to the collection of excise taxes from marijuana establishments; (x) establishing provisions relating to dual licensees; and (xi) providing other matters properly relating thereto.

In the State of Nevada, only cannabis that is grown or produced in the state by a licensed establishment may be sold in the state. The Nevada regulatory regime does not mandate or prohibit vertically integrated facilities and only permits the holder of a retail dispensary license and registration certificate to purchase marijuana from cultivation facilities, marijuana and marijuana products from product manufacturing facilities and marijuana from other retail stores, for the sale of such products to consumers.

A medical cultivation license permits its holder to acquire, possess, cultivate, deliver, transfer, have tested, transport, supply or sell marijuana and related supplies to medical marijuana dispensaries, facilities for the production of edible medical marijuana products and/or medical marijuana-infused products, or other medical marijuana cultivation facilities.

The medical product manufacturing license permits its holder to acquire, possess, manufacture, deliver, transfer, transport, supply, or sell edible marijuana products or marijuana infused products to other medical marijuana production facilities or medical marijuana dispensaries.

Medical marijuana establishment certificates and adult-use marijuana facility licenses are issued independently to specific owners and at identified locations. Ownership of certificates and licenses is transferable in accordance with the Nevada Taxation Department's policies and procedures, including completion of a background investigation. Establishment certificates and facility licenses may only be relocated to a new location within the identified local jurisdiction.

All licenses expire one year after the date of issue. The Nevada Taxation Department shall issue a renewal license within 10 days after the receipt of a renewal application and applicable fee if the license is not then under suspension or has not been revoked.

Security Requirements

To prevent unauthorized access to marijuana at a Nevada-licensed marijuana establishment, the marijuana establishment must have security equipment to deter and prevent unauthorized entrance into limited access areas. Such security equipment includes, without limitation:

- Devices or a series of devices to detect unauthorized intrusion;
- Exterior lighting to facilitate surveillance;
- Electronic monitoring, including, without limitation, each of the following:
 - At least one call-up monitor that is 19 inches or more;
 - A video printer capable of immediately producing a clear still photo from any video camera image;
 - Video cameras or specified resolution and which is capable of identifying any activity occurring within the marijuana establishment in low light conditions 24 hours per day;
 - A method for storing video recordings from the video cameras for at least 30 calendar days in a secure on-site or off-site;
 - A failure notification system that provides an audible and visual notification of any failure in the electronic monitoring system; and
 - Sufficient battery backup for video cameras and recording equipment to support at least 5 minutes of recording in the event of a power outage.
- Immediate automatic or electronic notification to alert local law enforcement agencies of an unauthorized breach of security at the marijuana establishment in the interior of each building of the marijuana establishment; and
- Policies and procedures:
 - That restrict access to the areas of the marijuana establishment that contain marijuana to persons authorized to be in those areas only;
 - That provide for the identification of persons authorized to be in the areas of the marijuana establishment that contain marijuana;
 - That prevent loitering;
 - For conducting electronic monitoring;
 - For the use of the automatic or electronic notification to alert local law enforcement agencies of an unauthorized breach of security at the marijuana establishment;

- o For limiting the amount of money available in any retail areas of the marijuana establishment and/or training employees on this practice;
- o For notifying the public of the minimal amount of money available, which may include, without limitation, the posting of a sign;
- o For maintaining communication with law enforcement agencies; and
- o For providing and receiving notifications regarding burglary, attempted burglary, robbery, attempted robbery and other suspicious activity.

Transportation

In Nevada, marijuana may only be transported from a licensed cultivation or production facility to a licensed retail marijuana establishment by a licensed marijuana distributor. Prior to transporting the marijuana or marijuana products, the distributor must complete a trip plan which includes: the agent name and registration number providing and receiving the marijuana; the date and start time of the trip; a description, including the amount, of the marijuana or marijuana products being transported; and the anticipated route of transportation.

During the transportation of marijuana or marijuana products, the licensed marijuana distributor agent must: (a) carry a copy of the trip plan with him or her for the duration of the trip; (b) have his or her marijuana establishment agent card in his or her immediate possession; (c) use a vehicle without any identification relating to marijuana and which is equipped with a secure lockbox or locking cargo area which must be used for the sanitary and secure transportation of marijuana, or marijuana products; (d) have a means of communicating with the marijuana establishment for which he or she is providing the transportation; and (e) ensure that all marijuana or marijuana products are not visible. After transporting marijuana or marijuana products a licensed marijuana distributor agent must enter the end time of the trip and any changes to the trip plan that was completed.

Each licensed marijuana distributor agent transporting marijuana or marijuana products must report any: (a) vehicle accident that occurs during the transportation to a person designated by the marijuana distributor to receive such reports within two (2) hours after the accident occurs; and (b) loss or theft of marijuana or marijuana products that occurs during the transportation to a person designated by the marijuana distributor to receive such reports immediately after the marijuana establishment agent becomes aware of the loss or theft. A marijuana distributor that receives a report of loss or theft pursuant to this paragraph must immediately report the loss or theft to the appropriate law enforcement agency and to the Nevada Taxation Department. The distributor must report any unauthorized stop that lasts longer than two (2) hours to the Nevada Taxation Department.

A marijuana distributor shall maintain the required documents and provide a copy of the documents required to the Nevada Taxation Department for review upon request. Each marijuana distributor shall maintain a log of all received reports.

Employees of licensed marijuana distributors, including drivers transporting marijuana and marijuana products, must be 21 years of age or older and must obtain a valid marijuana establishment agent registration card issued by the Nevada Taxation Department. If a marijuana distributor is co-located with another type of business, all employees of co-located businesses must have marijuana establishment agent registration cards unless the co-located business does not include common entrances, exits, break room, restrooms, locker rooms, loading docks, and other areas as are expedient for business and appropriate for the site as determined and approved by Nevada Taxation Department inspectors. While engaged in the transportation of marijuana and marijuana products, any person that occupies a transport vehicle when it is loaded with marijuana or marijuana products must have their physical marijuana establishment agent registration card in their possession.

All drivers must carry in the vehicle valid driver's insurance at the limits required by the State of Nevada and the Nevada Taxation Department. All drivers must be bonded in an amount sufficient to cover any claim that could be brought, or disclose to all parties that their drivers are not bonded. Marijuana establishment agent registration cardholders and the licensed marijuana distributor they work for are responsible for the marijuana and marijuana product once they take control of the product and leave the premises of the marijuana establishment.

There is no load limit on the amount or weight of marijuana and marijuana products that are being transported by a licensed marijuana distributor. Marijuana distributors are required to adhere to Nevada Taxation Department regulations and those required through their insurance coverage. When transporting by vehicle, marijuana and marijuana product must be in a lockbox or locked cargo area. A trunk of a vehicle is not considered secure storage unless there is no access from within the vehicle and it is not the same key access as the vehicle. Live plants can be transported in a fully enclosed, windowless locked trailer or secured area inside the body/compartments of a locked van or truck so that they are not visible to the outside. If the value of the marijuana and marijuana products being transported by vehicle is in excess of \$10,000 (the insured value per the shipping manifest), the transporting vehicle must be equipped with a car alarm with sound or have no less than two (2) of the marijuana distributor's marijuana establishment agent registration cardholders involved in the transportation. All marijuana and marijuana product must be tagged for purposes of inventory tracking with a unique identifying label as required by the Nevada Taxation Department and remain tagged during transport. This unique identifying label should be similar to the stamp for cigarette distribution. All marijuana and marijuana product when transported by vehicle must be transported in sealed packages and containers and remain unopened during transport. All marijuana and marijuana product transported by vehicle should be inventoried and accounted for in the inventory tracking system. Loading and unloading of marijuana and marijuana products from the transporting vehicle must be within view of existing video surveillance systems prior to leaving the origination location. Security requirements are required for the transportation of marijuana and marijuana products.

Department Inspections

Each establishment that has been granted a provisional operating certificate by the Nevada Taxation Department must undergo facility and audit inspections by the Nevada Taxation Department prior to the issuance of a final registration certificate. Additionally, the issuance of a registration certificate is considered provisional until the establishment is in compliance with all applicable local government requirements including, without limitation, the issuance of a local business licenses.

After an establishment registration certificate has been issued, the marijuana establishment is subject to reasonable inspection from the Nevada Taxation Department and a licensee must make himself or herself, or an agent, available and present for any inspection required by the Nevada Taxation Department.

Delivery and Online Distribution

There are specific situations in which the delivery of marijuana to customers is allowed under the Nevada Taxation Department regulations. Delivery services to customers may only be carried out by retail stores that are licensed properly by the Nevada Taxation Department. Deliveries can only be brought to the residential addresses of customers and only within the State of Nevada. Delivery was allowed as soon as retail marijuana sales began on July 1, 2017, although those regulations were only temporary. Drivers may not deliver more than the legal amount of marijuana, which is currently one ounce, in compliance with the existing seed-to-sale tracking system. See "Cannabis Market Overview – Legal and Regulatory Matters – Nevada State Level Overview – Regulatory Framework". Marijuana or marijuana products may not be shipped via the US Postal Service or via any private courier.

Adult-Use Marijuana

Nevada law permits a person 21 years of age or older to possess, use, consume, purchase, obtain, process, or transport marijuana paraphernalia, one ounce or less of marijuana other than concentrated marijuana, or one-eighth of an ounce or less of concentrated marijuana.

U.S. Attorney Statement in Nevada

In June 2019, Nicholas Trutanich, U.S. Attorney for the District of Nevada stated that "Marijuana remains illegal under federal law, and my job is to enforce federal law."

Florida

Florida Regulatory Landscape

The State of Florida has not legalized the adult-use of cannabis. In 2014, the Florida Legislature passed the Compassionate Use Act which was the first legal medical cannabis program in the state's history. The original Compassionate Use Act only allowed for low-THC cannabis to be dispensed and purchased by patients suffering from cancer and epilepsy. In 2016, the Legislature passed the Right To Try Act which allowed for full potency cannabis to be dispensed to patients suffering from a diagnosed terminal condition. Also in 2016, the Florida Medical Marijuana Legalization Initiative was introduced by citizen referendum and passed with a 71.3% majority on November 8. This language amended the state constitution and mandated an expansion of the state's medical cannabis program.

The Florida Medical Marijuana Legalization Initiative, Amendment 2 ("**Amendment 2**"), and the expanded qualifying medical conditions, became effective on January 3, 2017. The Florida Department of Health ("**FDOH**"), physicians, dispensing organizations, and patients are also subject to Article X Section 29 of the Florida Constitution and §381.986 of the Florida Statutes. On June 9, 2017, the Florida House of Representatives and Florida Senate passed respective legislation to implement the expanded program by replacing large portions of the existing Compassionate Use Act, which officially became law on June 23, 2017. The law regulating Amendment 2 provides for another four licenses to be issued for every 100,000 patients added to the state's medical marijuana registry and currently allows MMTCs to open 30 dispensaries, plus an additional five dispensaries for every 100,000 patients.

The Company is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of Florida.

Florida Licenses

Subsection 381.986(8)(a) of the State of Florida Statutes provides a vertically-integrated regulatory framework that requires licensed producers, which are statutorily defined as "Medical Marijuana Treatment Centers" ("**MMTC**"), to cultivate, process and dispense medical cannabis in a vertically integrated marketplace. Licenses issued by the FDOH may be renewed biennially so long as the license meets the requirements of the law and the license holder pays a renewal fee. License holders can only own one license.

The license permits the sale of derivative products produced from extracted cannabis plant oil as medical cannabis to qualified patients to treat certain medical conditions. In Florida, there is no state-imposed limitation on the permitted size of cultivation or processing facilities, nor is there a limit on the number of plants that may be grown.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable)	Description
Spring Oaks Greenhouses, Inc.	Vertical MMTC	N/A	On or about April 19, 2021	Cultivation, production, and medical sale

Dispensaries may be located in any location throughout the State of Florida as long as the local government has not issued a prohibition against MMTC dispensaries in their respective municipality. Provided there is not a ban, the Company may locate a dispensary in a site zoned for a pharmacy so long as the location is greater than 500 feet from a public or private elementary, middle, or secondary school.

Florida Reporting Requirements

The FDOH requires that any licensee establish, maintain, and control a computer software tracking system that traces cannabis from seed to sale and allows real-time, 24-hour access by the FDOH to such data. The tracking system must allow for integration of other seed-to-sale systems and, at a minimum, include notification of when marijuana seeds are planted, when marijuana plants are harvested and destroyed, and when cannabis is transported, sold, stolen, diverted, or lost. Additionally, the FDOH also maintains a patient and physician registry and the Company must comply with requirements and regulations relative to providing required data or proof of key events to said system.

Florida Licensing Requirements

Licenses issued by the FDOH are renewed biennially so long as the licensee meets requirements of the law and pays a renewal fee. Provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, the Company would expect to receive the applicable renewed license in the ordinary course of business. While the Company's compliance controls have been developed to mitigate the risk of any material violations of a license arising, there is no assurance that the licenses will be renewed in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process could impede the ongoing or planned operations of the Company and have a material adverse effect on its business, financial condition, results of operations, or prospects.

MMTC license holders can only own one license. An MMTC applicant must demonstrate that: (i) they have been registered to do business in the State of Florida for the previous five years, (ii) they possess a valid certificate of registration issued by the Florida Department of Agriculture, (iii) they have the technical and technological ability to cultivate and produce cannabis, including, but not limited to, low-THC cannabis, (iv) they have the ability to secure the premises, resources, and personnel necessary to operate as an MMTC, (v) they have the ability to maintain accountability of raw materials, finished products, and by-products to prevent diversion or unlawful access to or possession of these substances, (vi) they have an infrastructure reasonably required to dispense cannabis to registered qualified patients statewide or regionally as determined by the FDOH, (vii) they have the financial ability to maintain operations for the duration of the two-year approval cycle, including the provision of certified financial statements to the FDOH, (viii) its owners, officers, board members and managers have passed a Level II background screening, inclusive of fingerprinting, and ensure that a medical director is employed to supervise the activities of the MMTC, and (ix) they have a diversity plan and veterans plan accompanied by a contractual process for establishing business relationships with veterans and minority contractors and/or employees. Upon approval of the application by the FDOH, the applicant must post a performance bond of up to US\$5,000,000, which may be reduced by meeting certain criteria such as a minimum patient count.

Florida Dispensary Requirements

An MMTC may not dispense more than a 70-day supply of cannabis. The MMTC employee who dispenses the cannabis must enter into the registry his or her name or unique employee identifier. The MMTC must verify that: (i) the qualified patient and the caregiver, if applicable, each has an active registration in the registry and active and valid medical cannabis use registry identification card, (ii) the amount and type of cannabis dispensed matches the physician certification in the registry for the qualified patient, and (iii) the physician certification has not already been filled. An MMTC may not dispense to a qualified patient younger than 18 years of age, only to such patient's caregiver. An MMTC may not dispense or sell any other type of cannabis, alcohol, or illicit drug-related product, except a cannabis delivery device as specified in the physician certification. An MMTC must, upon dispensing, record in the registry: (i) the date, time, quantity and form of cannabis dispensed, (ii) the type of cannabis delivery device dispensed, and (iii) the name and registry identification number of the qualified patient or caregiver to whom the cannabis delivery device was dispensed. An MMTC must ensure that patient records are not visible to anyone other than the patient, caregiver, and MMTC employees.

Florida Security, Transportation, and Storage Requirements

Each MMTC must maintain a video surveillance system with specified features. MMTCs must retain video surveillance recordings for at least 45 days, or longer upon the request of law enforcement.

An MMTC's outdoor premises must have sufficient lighting from dusk until dawn. An MMTC's dispensing facilities must include a waiting area with sufficient space and seating to accommodate qualified patients and caregivers and at least one private consultation area and such facilities may not display products or dispense cannabis or cannabis delivery devices in the waiting area and may not dispense cannabis from its premises between the hours of 9:00 p.m. and 7:00 a.m. but may perform all other operations and deliver cannabis to qualified patients 24-hours a day.

Cannabis must be stored in a secured, locked room or a vault. An MMTC must have at least two employees, or two employees of a security agency, on the premises at all times where cultivation, processing, or storing of cannabis

occurs. MMTC employees must wear an identification badge and visitors must wear a visitor pass at all times on the premises. An MMTC must report to law enforcement within 24 hours after the MMTC is notified of or becomes aware of the theft, diversion or loss of cannabis. A cannabis transportation manifest must be maintained in any vehicle transporting cannabis or a cannabis delivery device. The manifest must be generated from the MMTC's seed-to-sale tracking system and must include the: (i) departure date and time, (ii) name, address, and license number of the originating MMTC, (iii) name and address of the recipient, (iv) quantity and form of any cannabis or cannabis delivery device being transported, (v) arrival date and time, (vi) delivery vehicle make and model and license plate number; and (vii) name and signature of the MMTC employees delivering the product. Further, a copy of the transportation manifest must be provided to each individual, MMTC that receives a delivery. MMTCs must retain copies of all cannabis transportation manifests for at least three years. Cannabis and cannabis delivery devices must be locked in a separate compartment or container within the vehicle and employees transporting cannabis or cannabis delivery devices must have their employee identification on them at all times. Lastly, at least two people must be in a vehicle transporting cannabis or cannabis delivery devices, and at least one person must remain in the vehicle while the cannabis or cannabis delivery device is being delivered.

Florida Inspections

The FDOH conducts announced and unannounced inspections of MMTCs to determine compliance with the laws and rules. The FDOH shall inspect an MMTC upon receiving a complaint or notice that the MMTC has dispensed cannabis containing mold, bacteria, or other contaminants that may cause an adverse effect to humans or the environment. The FDOH shall conduct at least a biennial inspection of each MMTC to evaluate the MMTC's records, personnel, equipment, security, sanitation practices, and quality assurance practices.

U.S. Attorney Statements in Florida

To the knowledge of management of GGB, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Florida. See "Risk Factors - United States Regulatory Uncertainty".

Arizona

Arizona Regulatory Landscape

In 2010, Arizona passed Ballot Proposition 203, which amended Title 36 to the Arizona Revised Statutes. This amendment added Chapter 28.1, titled the Arizona Medical Marijuana Act (the "**AMMA**"). The AMMA is codified in Arizona Revised Statutes § 36-2801 *et. seq.* The AMMA also appointed the Arizona Department of Health Services ("**ADHS**") as the regulator for the program and authorized ADHS to promulgate, adopt and enforce regulations for the AMMA. These ADHS regulations are embodied in the Arizona Administrative Code Title 9 Chapter 17 (the "**Rules**"). ARS § 36-2801(11) defines a "nonprofit medical cannabis dispensary" as a not-for-profit entity that acquires, possesses, cultivates, manufactures, delivers, transfers, transports, supplies, sells or dispenses cannabis or related supplies and educational materials to cardholders.

The ADHS has established the medical marijuana program, which includes a vertically integrated license, meaning if allocated a Medical Marijuana Dispensary Registration Certificate (a "**Certificate**"), entities are authorized to dispense and cultivate medical cannabis. Each Certificate allows the holding entity to operate one on-site cultivation facility, and one off-site cultivation facility which can be located anywhere within the State of Arizona. An entity holding a Certificate is required to file an application to renew with the ADHS on an annual basis, which must also include audited annual financial statements. While a Certificate may not be sold, transferred or otherwise conveyed, Certificate holders typically contract with third parties to provide various services related to the ongoing operation, maintenance, and governance of its dispensary and/or cultivation facility so long as such contracts do not violate the requirements of the AMMA or the medical marijuana program.

The ADHS had until April 2012 to establish a registration application system for patients and nonprofit marijuana dispensaries, as well as a web-based verification platform for use by law officials and dispensaries to verify a patient's status as such. It also specified patients' rights, qualifying medical conditions, and allowed out-of-state medical

marijuana patients to maintain their patient status (though not to purchase cannabis). On December 6, 2012, Arizona's first licensed medical marijuana dispensary opened in Glendale.

To qualify to use medical marijuana under the AMMA, a patient is required to have a debilitating medical condition. Valid medical conditions include: HIV, cancer, glaucoma, immune deficiency syndrome, hepatitis C, Crohn's disease, agitation of Alzheimer's disease, ALS, cachexia/wasting syndrome, muscle spasms, nausea, seizures, severe and chronic pain or another chronic or debilitating condition.

Moxie is not licensed in the State of Arizona but has a product advisory agreement with the Arizona Partner who has a right to manage the medical marijuana operations of an Arizona license holder for medical marijuana pursuant to a management services agreement. Pursuant to the product advisory agreement with the Arizona Partner, Moxie renders various advisory services relating to, among others, (i) the processing of source material, raw product and/or finished product consistent with Moxie's intellectual property; (ii) the packaging, labeling, distribution, sale and promotion of finished products; (iii) the marks and other Moxie intellectual property used in the promotion of the finished product; (iv) conducting marketing and promotion of the finished product; and (v) facilitating order for finished products to be filled by the Arizona Partner from authorized customers. To the knowledge of Moxie, the Arizona Partner and the Arizona license holder are in compliance with applicable licensing requirements and the regulatory framework enacted by the State of Arizona.

Arizona Licensing Requirements

In order for an applicant to receive a Certificate, it must: (i) fill out an application on the form proscribed by ADHS, (ii) submit the applicant's articles of incorporation and by-laws, (iii) submit fingerprints for each principal officer or board member of the applicant for a background check to exclude felonies, (iv) submit a business plan and policies and procedures for inventory control, security, patient education, and patient recordkeeping that are consistent with the AMMA and the Rules to ensure that the dispensary will operate in compliance, and (v) designate an Arizona licensed physician as the Medical Director for the dispensary. Certificates are renewed annually so long as the dispensary is in good standing with ADHS, pays the renewal fee, and submits an independent third-party financial audit.

Once an applicant has been issued a Certificate, they are allowed to establish one physical retail dispensary location, one cultivation location which is co-located at the dispensary's retail site (if allowed by local zoning) and one additional off-site cultivation location. None of these sites can be operational, however, until the dispensary receives an approval to operate from ADHS for the applicable site. This approval to operate requires: (i) an application on the ADHS form, (ii) demonstration of compliance with local zoning regulations, (iii) a site plan and floor plan for the applicable property, and (iv) an in-person inspection by ADHS of the applicable location to ensure compliance with the Rules and consistency with the dispensary's applicable policies and procedures.

Arizona Security Requirements for Dispensary Facilities

Any dispensary facility (both retail and cultivation) must abide by the following security requirements: (i) ensure that access to the facilities is limited to authorized agents of the dispensary who are in possession of a dispensary agent identification card, and (ii) equip the facility with: (a) intrusion alarms and surveillance equipment, (b) exterior and interior lighting to facilitate surveillance, (c) at least one 19-inch monitor for surveillance and a video capable of printing a high resolution still image, (d) high resolution video cameras at all points of sale, entrances, exits, and limited access areas, both in and around the building, (e) 30 days' video storage, (f) failure notifications and battery backups for the security system, and (g) panic buttons inside each building.

Arizona Storage Requirements

Any dispensary facility (both retail and cultivation) must abide by the following requirements for the storage of product: (i) product must be stored in an area that is separate from areas used to store toxic and flammable materials, (ii) product must be stored in a manner that is clean and sanitary, (iii) product must be protected from flies, dust, dirt, and any other contamination, and (iv) surfaces and objects used in the handling and storage of product must be cleaned daily. Additionally, the Rules establish strict inventory protocols for tracking product from "seed to sale," which requires product to be traceable to the original plants used to grow the cannabis used in the product.

Arizona Transportation Requirements

Dispensaries may transport medical cannabis between their own sites or between their sites and another dispensary's site and must comply with the following Rules: (i) prior to transportation, the dispensary agent must complete a trip plan showing: (a) the name of the dispensary agent in charge of transporting the cannabis, (b) the date and start time of the trip, (c) a description of the cannabis, cannabis plants, or cannabis paraphernalia being transported; and (d) the anticipated route of transportation, (ii) during transport the dispensary agent shall: (a) carry a copy of the trip plan at all times, (b) use a vehicle with no medical cannabis identification, (c) carry a cell phone, and (d) ensure that no cannabis is visible, and (iii) dispensaries must maintain trip plan records.

ADHS Inspections and Enforcement

ADHS may inspect a facility at any time upon five (5) days' notice to the dispensary. However, if someone has alleged that the dispensary is not in compliance with the AMMA or the Rules, ADHS may conduct an unannounced inspection. ADHS will provide written notice to the dispensary of any violations found during any inspection and the dispensary then has 20 working days to take corrective action and notify ADHS.

ADHS must revoke a Certificate if a dispensary: (i) operates before obtaining approval to operate a dispensary from ADHS, or (ii) dispenses, delivers, or otherwise transfers cannabis to an entity other than another licensed dispensary, a qualifying patient with a valid registry identification card, or a designated caregiver with a valid registry identification card, (iii) acquires usable cannabis or mature cannabis plants from any entity other than another licensed dispensary, a qualifying patient with a valid registry identification card, or a designated caregiver with a valid registry identification card, or (iv) if a principal officer or board member has been convicted of an excluded felony offense.

Furthermore, ADHS may revoke a Certificate if a dispensary does not: (i) comply with the requirements of AMMA or the Rules, (ii) implement the policies and procedures or comply with the statements provided to ADHS with the dispensary's application.

U.S. Attorney Statements in Arizona

To the knowledge of management of GGB, other than as disclosed in this Prospectus, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Arizona. See "*Risk Factors - United States Regulatory Uncertainty*".

The following sections describe the legal and regulatory landscape in the state of California in which Moxie directly operates. In addition, Moxie has negotiated product advisory agreements in Arizona, Nevada and New Jersey and equity investments in Ohio and Pennsylvania based operators and grower/processor with cannabis-related activities. For a description of legal and regulatory landscape in the State of Nevada and Arizona please see above.

California

California Regulatory Landscape

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

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

In September 2015, the California legislature passed three bills collectively known as the Medical Cannabis Regulation and Safety Act ("**MCRSA**"). The MCRSA established a licensing and regulatory framework for medical marijuana businesses in California. The system created multiple license types for dispensaries, infused products manufacturers, cultivation facilities, testing laboratories, transportation companies, and distributors. Edible infused product

manufacturers would require either volatile solvent or non-volatile solvent manufacturing licenses depending on their specific extraction methodology. Multiple agencies would oversee different aspects of the program and businesses would require a state license and local approval to operate. However in November 2016, voters in California overwhelmingly passed Proposition 64, the Adult-Use of Marijuana Act (“**AUMA**”) creating an adult-use marijuana program for adults 21 years of age or older. AUMA had some conflicting provisions with MCRSA, so in June 2017, the California State Legislature passed Senate Bill No. 94, known as Medicinal and Adult-Use Cannabis Regulation and Safety Act (“**MAUCRSA**”), which amalgamates MCRSA and AUMA to provide a set of regulations to govern a medical and adult-use licensing regime for cannabis businesses in the State of California. The four agencies that regulate marijuana at the state level are the Bureau of Cannabis Control (“**BCC**”), California Department of Food and Agriculture, California Department of Public Health, and California Department of Tax and Fee Administration. MAUCRSA went into effect on January 1, 2018.

One of the central features of MAUCRSA is known as “local control.” In order to legally operate a medical or adult-use marijuana business in California, an operator must have both a local and state license. This requires license holders to operate in cities or counties with marijuana licensing programs. Cities and counties in California are allowed to determine the number of licenses they will issue to marijuana operators, or can choose to outright ban marijuana.

Moxie (through its subsidiary in the State of California) is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of California.

California Licenses

Moxie, through its wholly-owned California subsidiary, ANACAPA CA, LLC, is in the process of receiving retail non-storefront and distribution licenses from the BCC and a manufacturing permit issued by the California Department of Public Health. The licenses are noted as follows:

Holding Entity	Issuing Agency	Permit/License	City	Expiration/Renewal Date (if applicable)	Description
Pure CA, LLC	California Bureau of Cannabis Control	Adult-Use and Medicinal Distributor License Provisional License No: C11-0000292-LIC	Lynwood	6/9/2020	Distributor License
Pure CA, LLC	California Bureau of Cannabis Control	Adult-Use and Medicinal – Retailer Non-storefront License Provisional License No:C9-0000072-LIC	Lynwood	6/9/2020	Retailer Non-storefront License
Pure CA, LLC	California Department of Public Health, Manufactured Cannabis Safety Branch	Annual Manufacturing License (Adult and Medicinal Cannabis Products) License No.:	Lynwood	11/21/2019	License Type 7: Volatile Solvent Extraction

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California License Types

Once an operator obtains local approval, the operator must obtain state licenses before conducting any commercial marijuana activity. There are 12 different license types that cover all commercial activity. License types 1-3 and 5 authorize the cultivation of medical and/or adult-use marijuana plants. Type 4 licenses are for nurseries that cultivate and sell clones and “teens” (immature marijuana plants that have established roots but require further vegetation prior to being sent into the flowering period). Type 6 and 7 licenses authorize manufacturers to process marijuana biomass into certain value-added products such as shatter or marijuana distillate oil with the use of volatile or non-volatile solvents, depending on the license type. Type 8 licenses are held by testing facilities who test samples of marijuana products and generate “certificates of analysis,” which include important information regarding the potency of products and whether products have passed or failed certain threshold tests for pesticide and microbiological contamination. Type 9 licenses are issued to “non-storefront” retailers, commonly called delivery services, who bring marijuana products directly to customers and patients at their residences or other chosen delivery location. Type 10 licenses are issued to storefront retailers, or dispensaries, which are open to the public and sell marijuana products onsite. Type 11 licenses are known as “Transport-Only” distribution licenses, and they allow the distributor to transport marijuana and marijuana products between licensees, but not to retailers. Type 12 licenses are issued to distributors who move marijuana and marijuana products to all license types, including retailers.

California Agencies Regulating the Commercial Cannabis Industry

There are three agencies tasked with regulating the marijuana industry in California. The California Department of Food and Agriculture (CDFA) oversees nurseries and cultivators; the California Department of Public Health (CDPH) oversees manufacturers, and the newly-created Bureau of Cannabis Control (BCC) oversees distributors, retailers, delivery services, and testing laboratories. Operators must apply to one or more of these agencies for their licenses, and each agency has released regulations specific to the operation of the types of businesses they oversee. The BCC has a number of regulations that apply to all licensees, but the CDFA and CDPH regulations only apply to the licensees in their charge.

The Marijuana Supply Chain in California

In California, depending on a local government’s own marijuana ordinances, plants may be cultivated outdoors, using mixed-light methods, or fully indoors. Cultivators must initially acquire seeds, clones, teens, or other immature plants from nurseries.

The cultivation, processing, and movement of marijuana within the state is tracked by the METRC system, into which all licensees are required to input their track and trace data (either manually or using another software that automatically uploads to METRC). Immature plants are assigned a Unique Identifier number (UID), and this number follows the flowers and biomass resulting from that plant through the supply chain, all the way to the consumer. Each licensee in the supply chain is required to meticulously log any processing, packaging, and sales associated with that UID.

When marijuana plants mature and complete their life cycle, they are harvested, cured, and trimmed, in preparation of being sold to distributors or manufacturers. Cultivators have two main products: flowers, or “buds,” and the biomass, or “trim,” which is typically removed from the mature flowers. Trim is commonly sold to manufacturers for further processing into cannabis extracts. Buds may also be sold to manufacturers, or to distributors for sale to retailers. The Cultivator may package and label its marijuana flowers, or may sell flower in bulk and the distributor may package and label the flower.

Manufactured marijuana goods may be sold from a manufacturer to a distributor, but have to be provided to distributors in their final packaging. Distributors may not package manufactured marijuana goods. Certain tax rates apply to the marijuana flower and biomass, which are assessed per ounce of product sold. The tax is paid by the

cultivator to the distributor, or alternatively the manufacturer, who has the responsibility of tendering the fees to the State of California.

Marijuana in California may only be transported by licensed distributors. Some cultivators and manufacturers have their own distribution licenses, and others contract with third-party distributors. Distributors may or may not take possession of the marijuana and marijuana products. How this is evolving in California currently is that, similar to the alcohol distribution model, retailers are choosing from a portfolio of products carried by the distributors they work with. Brands are doing some direct marketing to retailers, but many brands target their marketing to distributors.

Distributors are the point in the supply chain where final quality assurance testing is performed on products before they go to a retailer. Retailers may not accept product without an accompanying certificate of analysis (“COA”). Distributors must hold product to be tested on their premises in “quarantine” and arrange for an employee of a licensed testing laboratory to come to their premises and obtain samples from any and all goods proposed to be shipped to a retailer. Marijuana and marijuana products are issued either a “pass” or “fail” by the testing laboratory. Under some circumstances, the BCC’s regulations allow for failing product to be “remediated” or to be re-labeled to more accurately reflect the COA.

Retail Compliance in California

California requires that certain warnings, images, and content information be printed on all marijuana packaging. BCC regulations also include certain requirements about tamper-evident and child-resistant packaging. Distributors and retailers are responsible for confirming that products are properly labeled and packaged before they are sold to a customer.

Consumers aged 21 and up may purchase marijuana in California from a dispensary with an “adult-use” license. Some localities still only allow medicinal dispensaries. Consumers aged 18 and up with a valid physician’s recommendation may purchase marijuana from a medicinal-only dispensary or an adult-use dispensary. Consumers without valid physician’s recommendations may not purchase marijuana from a medicinal-only dispensary. All marijuana businesses are prohibited from hiring employees under the age of 21.

Security Requirements in California

Each local government in California has its own security requirements for cannabis businesses, which usually include comprehensive video surveillance, intrusion detection and alarms, and limited access areas in the dispensary. The state also has similar security requirements, including that there be limited-access areas where only employees and other authorized individuals may enter. All licensee employees must wear employee badges. The limited access areas must be locked with “commercial-grade, non-residential door locks on all points of entry and exit to the licensed premises.”

Each licensed premises must have a digital video surveillance system that can “effectively and clearly” record images of the area under surveillance. Cameras must be “in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the licensed premises.” The regulations list specific areas which must be under surveillance, including places where cannabis goods are weighed, packed, stored, loaded, and unloaded, security rooms, and entrances and exits to the premises. Retailers must record point of sale areas on the video surveillance system.

Licensed retailers must hire security personnel to provide on-site security services for the licensed retail premises during hours of operation. All security personnel must be licensed by the Bureau of Security and Investigative Services.

California also has extensive record-keeping and track and trace requirements for all licensees.

Marijuana taxes in California

Several taxes are imposed at the point of sale and are required to be collected by the retailer. The State imposes an excise tax of 15%, and a sales and use tax is assessed on top of that. Cities and Counties apply their sales tax along with

the State's sales and use tax, and many cities and counties have also authorized the imposition of special cannabis business taxes which can range from 2% to 10% of gross receipts of the business.

U.S. Attorney Statements in California

The State of California is divided into four federal districts, each with their own appointed United States Attorney.

To the knowledge of management of GGB, other than as disclosed in this Prospectus, there have not been any statements or guidance made by the U.S. Attorneys for the Central, Northern and Southern Districts of California regarding the risk of enforcement action in California. See "Risk Factors - United States Regulatory Uncertainty".

The office of McGregor Scott, U.S. attorney for the Eastern District of California, issued the following statement in January 2018: "The cultivation, distribution and possession of marijuana has long been and remains a violation of federal law for all purposes," and that the office "will evaluate violations of those laws in accordance with our district's federal law enforcement priorities and resources."

New Jersey

New Jersey Regulatory Landscape

On January 18, 2010, the governor of New Jersey signed into law S.119, the Compassionate Use Medical Marijuana Act (the "**NJ Act**"), permitting the use of medical cannabis for persons with debilitating conditions including cancer, HIV/AIDS, ALS, Crohn's disease and any terminal illness. The law permits the New Jersey Department of Health ("**NJDH**") to create rules to add other illnesses to the permitted conditions. The NJ Law does not permit patients to grow their own cannabis but rather mandates that cannabis must be acquired through ATCs licensed by the State. Caregivers for patients are permitted to collect cannabis on behalf of the patient. Under the NJ Act, six ATCs received licenses from the State. The ATCs were originally only non-profit entities and have the exclusive right to produce and sell medical cannabis in New Jersey.

On March 27, 2018 through executive order No. 6 (2018), Governor Phil Murphy expanded the medical cannabis program, announcing the 20-plus recommendations presented by the NJDH on March 23, 2018. The NJDH's recommendations and next steps included certain measures that took effect immediately (e.g. the addition of debilitating conditions and the reduction of registration fees) and other recommendations (e.g. the home delivery model) that require further regulatory or statutory enactment.

In February 2019, the NJDH amended the list of debilitating conditions to include opioid use disorder, which had been accepted as petition by the review panel. The NJDH also implemented measures to streamline the enrollment process for patients, allow physicians to opt out of being listed publicly, and have started the permitting process for six new ATCs.

Moxie is not licensed in the State of New Jersey, but through the New Jersey Partner it has licensed certain intellectual property to the New Jersey Partner who is otherwise in compliance with applicable licensing requirements and the regulatory framework enacted in the State of New Jersey.

New Jersey Licenses

The NJDH is responsible for administering the NJ Act to ensure qualifying patients' access to safe cannabis for medical use in New Jersey. The NJDH is responsible for issuing permits to entities who will operate an ATC. New Jersey is a vertical state where the dispensary needs to be in the same location as the growing and processing facilities. One of the recommendations in executive order No. 6 is to allow existing license holders to have up to two additional dispensaries not attached to the growing facility. The NJDH has issued 12 licenses and are now accepting applications for additional permits.

ATC permits expire annually on December 31. A permit renewal application must be submitted at least 60 days prior to the expiration date. An ATC that seeks to renew its permit shall submit to the permitting authority an application for

renewal with all required documentation and the required fees. An ATC shall update and ensure the correctness of all information submitted in previous applications for a permit or otherwise on file with the NJDH. Prior to the issuance of any permit, every principal officer, owner, director and board member of an ATC must certify stating that he or she submits to the jurisdiction of the courts of the State of New Jersey and agrees to comply with all the requirements of the laws of New Jersey pertaining to New Jersey's Medicinal Marijuana Program. Failure to provide correct and current up-to-date information is grounds for denial of the application for renewal of the permit.

As of April 1, 2019, approximately 44,000 patients were registered and have medical licenses allowing them to purchase cannabis products from an ATC.

New Jersey Recordkeeping/Reporting

New Jersey does not have a unified track and trace (“T&T”) solution. All information is forwarded to the MMMP through email. The ATC collects and submits to the NJDH for each calendar year statistical data on (a) the number of registered qualified patients and registered primary caregivers, (b) the debilitating medical conditions of the qualified patients, (c) patient demographic data, (d) summary of the patient surveys and evaluation of services and (e) other information as the NJDH may require. The ATC must retain records for at least two years.

New Jersey Storage, Security, and Transportation Requirements

The ATC will establish inventory controls and procedures for the conduct of inventory reviews and comprehensive inventories of cultivating, stored, usable and unusable cannabis. The ATC will conduct a monthly inventory of cultivating, stored, usable and unusable cannabis. Through a unified T&T system is not currently in place, an ATC is required to have a T&T for tracking inventory and dispensing cannabis products to patients. An ATC is authorized to possess two ounces of usable cannabis per registered qualifying patient plus an additional supply, not to exceed the amount needed to enable the alternative treatment center to meet the demand of newly registered qualifying patients.

Per regulatory requirements an ATC, at a minimum, must (a) establish inventory controls and procedures for the conduct of inventory reviews and comprehensive inventories of cultivating, stored, usable and unusable cannabis, (b) conduct a monthly inventory of cultivating, stored, usable and unusable cannabis, (c) perform a comprehensive inventory inspection at least once every year from the date of the previous comprehensive inventory, and (d) promptly transcribe inventories taken by use of an oral recording device. If cannabis is disposed of, the ATC must maintain a written record of the date, the quantity disposed of, the manner of disposal and the persons present during the disposal, with their signatures. ATCs must keep disposal records for at least two years. Results of the inventory inspection should document the date of the inventory review, a summary of the inventory findings and the name, signature and title of the individuals who conducted the inventory inspection.

An ATC shall limit access to medicinal cannabis storage areas to the absolute minimum number of specifically authorized employees. In the event non-employee maintenance personnel, business guests or visitors to be present in or pass through medical cannabis storage areas, the ATC must have a dedicated person who is specifically authorized by policy or job description to supervise the activity. The ATC must ensure that the storage of usable cannabis prepared for dispensing to patients is in a locked area with adequate security.

New Jersey Security

An ATC is required to implement effective controls and procedures to guard against theft and diversion of cannabis including systems to protect against electronic records tampering. At a minimum, every ATC must (a) install, maintain in good working order and operate a safety and security alarm system that provides suitable protection 24 hours a day, seven days a week against theft and diversion, (b) immediately notifies the state or local police agencies of an unauthorized breach of security. An ATC must conduct maintenance inspections and tests of the security alarm system at intervals not to exceed 30 days from the previous inspection.

A video surveillance system must be installed and operated to clearly monitor all critical control activities of the ATC and must operate in good working order at all times. The ATC must provide two monitors for remote viewing via telephone lines to the NJDH offices. This security system must be approved by State of New Jersey's Medicinal

Marijuana Program prior to permit issuance. The original tapes or digital pictures produced by the system must be stored in a safe place for a minimum of 30 days.

U.S. Attorney Statements in New Jersey

In January 2018, Craig Carpenito, United States Attorney for the District of New Jersey addressed the issue of marijuana enforcement in the following way: "As was the case before and after the Cole Memo, the cultivation, distribution, and possession of marijuana continues to be generally prohibited by the Controlled Substances Act. We will use our prosecutorial discretion in evaluating all cases and making determinations as we do with all controlled substance cases."

Ohio

Ohio Regulatory Landscape

House Bill 523, effective on September 8, 2016, legalized medical marijuana in Ohio. The Ohio Medical Marijuana Control Program ("MMCP") allows people with certain medical conditions, upon the recommendation of an Ohio licensed physician certified by the State Medical Board, to purchase and use medical marijuana. House Bill 523 required that the framework for the MMCP would be in place no later than September 2018. This timeframe allowed for a deliberate process to ensure the safety of the public and to promote access to a safe product. Due to construction delays and lawsuits, medical marijuana did not begin until January 2019. As of May 31, 2019, there were approximately 35,162 registered patients allowed to purchase cannabis products from a dispensary.

The three following state government agencies are responsible for the operation of the MMCP: (i) the Ohio Department of Commerce is responsible for overseeing medical marijuana cultivators, processors and testing laboratories; (ii) the State of Ohio Board of Pharmacy is responsible for overseeing medical marijuana retail dispensaries, the registration of medical marijuana patients and caregivers, the approval of new forms of medical marijuana and coordinating the Medical Marijuana Advisory Committee; and (iii) the State Medical Board of Ohio is responsible for certifying physicians to recommend medical marijuana and may add to the list of qualifying conditions for which medical marijuana can be recommended. Qualifying medical conditions for medical marijuana include: HIV/AIDS, Lou Gehrig's disease, Alzheimer's disease, Cancer, Chronic traumatic encephalopathy, Crohn's disease, epilepsy or other seizure disorder, fibromyalgia, glaucoma, hepatitis C, inflammatory bowel disease, multiple sclerosis (MS), pain (either chronic, severe, or intractable), Parkinson's disease, PTSD, sickle cell anemia, spinal cord disease or injury, Tourette's syndrome, traumatic brain injury, ulcerative colitis. In order for a patient to be eligible to obtain medical marijuana, a physician must make the diagnosis of one of these conditions.

Several forms of medical marijuana are legal in Ohio, these include: inhalation of marijuana through a vaporizer (not direct smoking), oils, tinctures, plant material, edibles, patches and any other forms approved by the State Board of Pharmacy.

To the knowledge of the Company, Moxie (through its 7% equity investment in Pura Ohio Processing, LLC in the State of Ohio) is in compliance with applicable licensing requirements and the regulatory framework enacted by the State of Ohio and is not aware of any non-compliance, citations or notices of violation that may have an adverse impact on the business activities of Pura Ohio Processing, LLC.

Ohio License

License in the State of Ohio

The table below describes the cannabis-related license held by Pura Ohio Processing, LLC in the State of Ohio:

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable)	Description
Pura Ohio Processing, LLC	#0070	Columbus, Ohio	1/9/2020	Processing License

Ohio License and Regulations

A Certificate of Operation will permit the licensed holder to grow, process, package, and transport medical marijuana to registered medical marijuana dispensaries. Certificates of Operation in Ohio are renewed annually.

Ohio Operating Requirements

In Ohio, medical marijuana processor permittees are subject to regulations found at OAC 3796:3, *et seq.* as discussed below.

Ohio Reporting Requirements

Ohio uses the METRC system as its seed-to-sale tracking system. Licensees are required to use METRC to push data to the state to meet all of the reporting requirements.

Ohio Storage, Transportation, and Security Requirements

The regulations permit Moxie (through its equity investment in the State of Ohio permitted medical cannabis processor) to store medical marijuana inventory at the processor facility in a designated, enclosed, locked facility identified in its plans and specifications that it submitted to the Ohio Department of Commerce. This storage area can only be accessible by authorized individuals. The regulations further require a processor to establish, maintain, and comply with the policies and procedures contained in the operations plan submitted by the processor as part of the application that was approved by the department. The operations plan shall include policies and procedures for the production, storage, inventory, security and transportation of plant material, medical marijuana extract, and medical marijuana products. The regulations further mandate how a processor must package, label and transport finished products for sale at a medical marijuana dispensary.

Prior to transporting any medical marijuana, regardless of form, a medical marijuana entity must maintain a transportation log, in writing, that contains the following information: (1) the names and addresses of the medical marijuana entities sending and receiving the shipment; (2) the names and registration numbers of the registered employees transporting the medical marijuana or the products containing medical marijuana; (3) the license plate number and vehicle type that will transport the shipment; (4) the time of departure and estimated time of arrival; (5) the specific delivery route, which includes street names and distances; and (6) the total weight of the shipment and a description of each individual package that is part of the shipment, and the total number of individual packages. A copy of this log must be sent to the receiving entity before the close of business on the business day prior to transport. A copy of the log must also be in the vehicle at all times while it is transporting medical marijuana products. All such logs must be maintained and provided to law enforcement upon request.

Vehicles used to transport marijuana must be insured as required by law and staffed with a minimum of two registered employees, with at least one employee remaining with the vehicle at all times that the vehicle contains medical marijuana. The marijuana must be kept in a locked container or compartment, and it must not be visible from outside the vehicle. The vehicle must be unmarked. Any vehicle transporting medical marijuana or any product containing medical marijuana must travel directly from the sending medical marijuana entity to the receiving medical marijuana entity and shall not make any stops in between except to other medical marijuana entities listed on the transportation log, to refuel the vehicle, or to notify the medical marijuana entities, the department and law enforcement in the event of an emergency. In the event of an emergency, the employees must report the emergency immediately to law enforcement through the 911 emergency system and to the medical marijuana entities, which will immediately notify the appropriate regulatory authorities, unless the notification is impractical under the circumstances. The employees must notify the sending medical marijuana entity when the delivery has been completed.

Ohio Department of Commerce Inspections

The Ohio Department of Commerce may, at any time it determines an inspection is needed, with or without notice, conduct an inspection of a processor to ensure compliance with the facility's operations plan and state laws and regulations. An inspection may include, without limitation, investigation of standards for safety from fire on behalf of

the department by the local fire protection agency. If a local fire protection agency is not available, the division of state fire marshal may conduct the inspection after the processor pays the appropriate fee to the division of state fire marshal for such inspection. If a problem is detected during an inspection, the cultivator must produce a plan of correction within ten business days.

U.S. Attorney Statements in Ohio

To the knowledge of management of GGB, other than as disclosed in this Prospectus, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Ohio. See “Risk Factors - United States Regulatory Uncertainty”.

Pennsylvania

Pennsylvania Regulatory Landscape

Pennsylvania legalized medical marijuana when it adopted the Pennsylvania Medical Marijuana Act in 2016. It is found in Chapters 1131 through 1210 of the Pennsylvania Statutes. Most of the regulation of Pennsylvania’s medical marijuana program to date has occurred under this law and through temporary regulations, all of which are summarized below under the heading “Pennsylvania Medical Marijuana Act.”

Pennsylvania Medical Marijuana Act

Under the act, the term “medical marijuana” refers to marijuana obtained for a certified medical use by a Pennsylvania resident with a serious medical condition. A serious medical condition now includes 23 different conditions including cancer, HIV-positive status, AIDS, several neurological conditions and issues, and severe intractable pain. Medical marijuana is limited by statute in Pennsylvania to the following forms: (a) pill; (b) oil; (c) topical forms, including gel, creams, or ointments; (d) a form medically appropriate for administration by vaporization or nebulization, including dry leaf or plant form; (e) tincture; and (f) liquid.

Under the Pennsylvania Medical Marijuana Act, patients who are residents of the Commonwealth and have a serious medical condition as certified by a physician will be able to obtain medical marijuana at dispensaries that are located in the commonwealth and have a validly-issued permit from the Pennsylvania Department of Health. A “caregiver” who is designated by the patient and is registered with the Pennsylvania Department of Health will be able to obtain medical marijuana from a dispensary located in the commonwealth that has a validly- issued permit from the Pennsylvania Department of Health in order for the caregiver to deliver medical marijuana to the patient. The Pennsylvania Medical Marijuana Act provides for issuance of permits to grower/processors, dispensaries, and clinical registrants.

Clinical registrants are entities that hold a permit as both a grower/processor and a dispensary. They must have a contractual relationship with an approved academic clinical research center (“ACRC”) under which the ACRC or its affiliate provides advice to the entity, regarding, among other areas, patient health and safety, medical applications and dispensing and management of controlled substances. The clinical registrant must have a research plan in place with the academic clinical research center, and an Institutional Review Board must approve any research projects. Each patient enrolled in a research project must be identified as such in the Commonwealth’s electronic tracking system. The Pennsylvania Department of Health may approve no more than eight clinical registrants. Each clinical registrant may have up to six separate dispensing locations with no more than three of the six permitted to be located in the same medical marijuana regions or in the same county (designated by the Pennsylvania Department of Health).

A grower/processor may only grow, store, harvest or process medical marijuana in an indoor, enclosed, secure facility as approved by the Pennsylvania Department of Health. Public access to grower/processor facilities is not permitted. Grower/processors must comply with all security, surveillance, and anti-diversion requirements at their facilities. They also have to comply with all record keeping requirements and must track plant inventory information in the Commonwealth’s seed-to-sale tracking system. They may only use pesticides, fungicides or herbicides approved by the Pennsylvania Department of Agriculture and must maintain records of their use. Medical marijuana must have a specific concentration of total THC and total CBD and must have a consistent cannabinoid profile. The concentration of cannabinoids for each particular type of medical marijuana product must be reported to the Pennsylvania Department

of Health by an approved laboratory. All waste must be disposed in a manner that renders it unusable and unrecognizable. All processing must meet proper sanitation requirements, and all packaging and labeling must comply with the act's requirements. Within the first six (6) months after the Pennsylvania Department of Health determines the grower/processor to be operational, the grower/processor must provide the Pennsylvania Department of Health with a forecast of the amount of medical marijuana it projects it will produce and in what form. The grower/processor shall notify the Pennsylvania Department of Health in writing immediately upon becoming aware of a potential increase or decrease in the forecasted amount occurring within any subsequent six (6) month period.

A dispensary may only dispense medical marijuana to a patient or caregiver in an indoor, enclosed, secure facility as approved by the Pennsylvania Department of Health. The dispensary must have an approved operation plan that includes appropriate safety, security, surveillance, inventory tracking, record keeping, and maintenance measures. It may only dispense medical marijuana to a patient or caregiver who presents a valid identification card to an employee at the facility who is authorized to dispense medical marijuana at the facility. The dispensary must employ and have on-site at all times the facility is open for dispensing a physician, pharmacist, physician assistant or certified registered nurse practitioner who has undergone required medical marijuana training. This medical professional may consult with patients regarding proper dosage and administration of medical marijuana for their condition if the referring physician has not done so. The entire transaction must be tracked in the commonwealth's seed-to-sale electronic tracking system.

Licensing and Compliance in Pennsylvania

In Pennsylvania, the Department of Health administers and maintains the Commonwealth's medical marijuana program pursuant to Pennsylvania laws and regulations. Pennsylvania awards permits separately for the growing and processing of medical marijuana, as well as for the dispensing of medical marijuana. As a dispensary permit holder, Pennsylvania law requires the use of state-mandated point of sale and product tracking software to log and record all inventory and sales activities, as well as all patient interactions. All marijuana must be stored with adequate security requirements to prevent diversion. Each facility must also have security measures to prevent unauthorized access and video surveillance; as well as the ability to maintain records of all activities. Only qualified patients or registered caregivers can be dispensed cannabis pursuant to a qualified physician's active recommendation; all of which must be confirmed prior to dispensation. Each dispensary must also employ a licensed pharmacist, doctor or registered nurse practitioner. Additionally, all employees must pass state mandated criminal history background screenings.

To the knowledge of the Company, Moxie (through its subsidiary in the Commonwealth of Pennsylvania – ANACAPA PA, LLC) will have a minority ownership interest in a Pennsylvania permittee who is operational and in compliance with applicable licensing requirements and the regulatory framework enacted by the Commonwealth of Pennsylvania.

Pennsylvania Licenses

A subsidiary of Moxie will own 17.18% of PurePenn LLC, which applied for and was awarded a license to operate a grower/processor in McKeesport, Pennsylvania. Upon receipt of regulatory approval, Moxie's interest in PurePenn LLC will either be contributed to Moxie or to the Company prior to the closing of the Moxie Business Combination. The table below includes that license.

Under applicable laws, the license permits PurePenn, LLC to purchase marijuana and marijuana products from cultivation/processing facilities, and to sell marijuana and marijuana products to registered patients pursuant to the terms of the license. The license is issued by the Pennsylvania Department of Health (the "PDH") under the provisions of the Medical Marijuana Act (35 P.S. §§ 10231.101 - 10231.2110) and Chapters 1141, 1151 and 1161 of the Pennsylvania regulations. The license is, as of the date hereof, active with the Commonwealth of Pennsylvania.

Holding Entity	Permit/License	Issuing Entity	City	Expiration/Renewal Date (if applicable)	Description
PurePenn, LLC	Medical Marijuana Grower/Processor Permit	Pennsylvania Office of Medical Marijuana	McKeesport, Pennsylvania	6/20/2020	Grower / Processor

Dispensary Requirements

A dispensary may only dispense medical marijuana products to a patient or caregiver who presents a valid identification card to an employee at the facility who is authorized to dispense medical marijuana products at the facility. Prior to dispensing medical marijuana products to a patient or caregiver, the dispensary shall: (1) Verify the validity of the patient or caregiver identification card using the electronic tracking system; and (2) Review the information on the patient's most recent certification by using the electronic tracking system to access the Pennsylvania Department of Health's database. The following requirements apply: (i) if a practitioner sets forth recommendations, requirements or limitations as to the form and/or dosage of a medical marijuana product on the patient certification, the medical marijuana product dispensed to a patient or caregiver by a dispensary must conform to those recommendations, requirements or limitations; (ii) if a practitioner does not set forth recommendations, requirements or limitations as to the form or dosage of a medical marijuana product on the patient certification, the physician, pharmacist, physician assistant or certified registered nurse practitioner employed by the dispensary and working at the facility shall consult with the patient or the caregiver regarding the appropriate form and dosage of the medical marijuana product to be dispensed; and (iii) the dispensary shall update the patient certification in the electronic tracking system by entering any recommendation as to the form or dosage of medical marijuana product that is dispensed to the patient. Prior to the completion of the transaction, the employee conducting the transaction at the dispensary shall prepare a receipt of the transaction, and file the receipt information with the Pennsylvania Department of Health utilizing the electronic tracking system. A dispensary shall provide a copy of the receipt to the patient or the caregiver, unless the patient or the caregiver declines the receipt. The receipt must include all of the following information: (1) the name, address and any permit number assigned to the dispensary by the Pennsylvania Department of Health; (2) the name and address of the patient and, if applicable, the patient's caregiver. (3) the date the medical marijuana product was dispensed; (4) any requirement or limitation noted by the practitioner on the patient's certification as to the form of medical marijuana product that the patient should use; and (5) the form and the quantity of medical marijuana product dispensed.

Security and Surveillance Requirements for Cultivation, Processing and Dispensing Facilities

A dispensary shall have security and surveillance systems, utilizing commercial-grade equipment, to prevent unauthorized entry and to prevent and detect an adverse loss. The security and surveillance systems must include all of the following:

1. A professionally-monitored security alarm system that includes the following: (i) coverage of all facility entrances and exits; rooms with exterior windows, exterior walls, roof hatches or skylights; storage rooms, including those that contain medical marijuana and safes; and the perimeter of the facility; (ii) a silent security alarm system signal, known as a duress alarm, generated by the entry of a designated code into an arming station in order to signal that the alarm user is being forced to turn off the system; (iii) an audible security alarm system signal, known as a panic alarm, generated by the manual activation of a device intended to signal a life-threatening or emergency situation requiring law enforcement response; (iv) a silent alarm signal, known as a holdup alarm, generated by the manual activation of a device intended to signal a robbery in progress; (v) an electrical, electronic, mechanical or other device capable of being programmed to send a pre-recorded voice message requesting dispatch, when activated, over a telephone line, radio or other communication system to a law enforcement, public safety or emergency services agency; (vi) a failure notification system that provides an audible, text or visual notification of any failure in the systems. The failure notification system must provide by telephone, e-mail or text message an alert to a designated security person within the facility within 5 minutes after the failure; (vii) smoke and fire alarms; (viii) auxiliary power sufficient to maintain security and surveillance systems for at least 48 hours following a power outage; (ix) ability to ensure all access doors are not solely controlled by an electronic access panel to prevent locks from becoming released during a power outage; and (x) motion detectors.
2. A professionally-monitored security and surveillance system that is operational 24 hours per day, 7 days per week and records all activity in images capable of clearly revealing facial detail. The security and surveillance system must include all of the following: (i) fixed camera placement that allows for a clear image of all individuals and activities in and around the following: (A) any area of a facility where medical marijuana products are loaded or unloaded into or from transport vehicles; (B) entrances to and exits from a facility. Entrances and exits must be recorded from both indoor and outdoor vantage points; (C) rooms

with exterior windows, exterior walls, roof hatches or skylights and storage rooms, including those that may contain medical marijuana products and safes; (D) five feet from the exterior of the perimeter of a facility; (E) all limited access areas; (ii) auxiliary power sufficient to maintain security and surveillance systems for at least 48 hours following a power outage; (iii) the ability to operate under the normal lighting conditions of each area under surveillance; and (iv) the ability to immediately produce a clear, color, still photograph in a digital format that meets the requirements of this subsection.

3. The ability to clearly and accurately display the date and time. The date and time must be synchronized and set correctly and may not significantly obscure the picture.
4. The ability to record and store all images captured by each surveillance camera for a minimum of two (2) years in a format that may be easily accessed for investigative purposes. The recordings must be kept: (i) at the facility: (A) in a locked cabinet, closet or other secure place to protect it from tampering or theft; (B) in a limited access area or other room to which access is limited to authorized individuals; and (ii) at a secure location other than the location of the facility if approved by the Pennsylvania Department of Health.
5. A security alarm system that is separate from the facility's primary security system covering the limited access area or other room where the recordings are stored. The separate security alarm system must meet the same requirements as the facility's primary security alarm system. The following apply regarding the inspection, servicing or alteration of, and the upgrade to, the dispensary facility's security and surveillance systems: (i) the systems shall be inspected and all devices tested once every year by a qualified alarm system vendor and a qualified surveillance system vendor, as approved by the Pennsylvania Department of Health; (ii) the dispensary shall conduct maintenance inspections once every month to ensure that any repairs, alterations or upgrades to the security and surveillance systems are made for the proper operation of the systems; (iii) the dispensary shall retain at the facility, for at least four (4) years, records of all inspections, servicing, alterations and upgrades performed on the systems and shall make the records available to the Pennsylvania Department of Health and its authorized agents within two (2) business days following a request; (iv) in the event of a mechanical malfunction of the security or surveillance system that the dispensary anticipates will exceed a 4-hour period, the dispensary shall notify the Pennsylvania Department of Health immediately and, with Pennsylvania Department of Health approval, provide alternative security measures that may include closure of the facility; and (v) The dispensary shall designate an employee to continuously monitor the security and surveillance systems at the facility.
6. Records retention: (i) if a dispensary has been notified in writing by the Pennsylvania Department of Health or its authorized agents, law enforcement, or other Federal, State or local government officials of a pending criminal or administrative investigation for which a recording may contain relevant information, the dispensary shall retain an unaltered copy of the recording for four (4) years or until the investigation or proceeding is closed or the entity conducting the investigation or proceeding notifies the dispensary that it is not necessary to retain the recording, whichever is longer; (ii) a dispensary shall install commercial-grade, non-residential steel doors and door locks on each room where medical marijuana products are stored and on each external door of the facility. Keys or key codes for all doors shall remain in the possession of designated authorized individuals; (iii) during all nonworking hours, all entrances to and exits from the facility must be securely locked; (iv) a dispensary shall have an electronic back-up system for all electronic records; (v) a dispensary shall install lighting to ensure proper surveillance inside and outside of the facility; and (vi) a dispensary shall limit access to a room in a facility containing security and surveillance monitoring equipment to persons who are essential to maintaining security and surveillance operations including, Federal, State and local law enforcement, security and surveillance system service employees, the Pennsylvania Department of Health or its authorized agents, and other persons with the prior written approval of the Pennsylvania Department of Health. The following requirements apply: (1) a dispensary shall make available to the Pennsylvania Department of Health or the Pennsylvania Department of Health's authorized agents, upon request, a current list of authorized employees and service employees or contractors who have access to any security and surveillance areas; and (2) a dispensary facility shall keep security and surveillance rooms locked at all times and may not use these rooms for any other purpose or function.

Storage Requirements for Cultivation, Processing and Dispensing Facilities

A dispensary shall have separate and locked limited access areas for storage of medical marijuana products that are expired, damaged, deteriorated, mislabeled, contaminated, recalled, or whose containers or packaging have been opened or breached until the medical marijuana products are returned to a grower/processor, destroyed or otherwise disposed of as required under § 1151.40 (relating to management and disposal of medical marijuana waste). A dispensary shall maintain all storage areas in a clean and orderly condition and free from infestation by insects, rodents, birds and pests.

Pennsylvania Department of Health Inspections

The Pennsylvania Department of Health may conduct announced or unannounced inspections or investigations to determine the medical marijuana organization's compliance with its permit. An investigation or inspection may include an inspection of a medical marijuana organization's site, facility, vehicles, books, records, papers, documents, data, and other physical or electronic information.

U.S. Attorney Statements in Pennsylvania

David J. Freed, who was appointed to serve as U.S. Attorney for the Middle District of Pennsylvania on November 15, 2017, has previously stated, "I don't need a study to tell me marijuana is a gateway drug. We in law enforcement have to clean up the mess." He has also previously stated that he believes the law should not change. Scott W. Brady, appointed to serve as U.S. Attorney for the Western District of Pennsylvania on December 14, 2017, has also indicated that his office would vigorously enforce federal law.

In accordance with Staff Notice 51-352, the Company will evaluate, monitor and reassess the foregoing disclosure, and any related risks, on an ongoing basis and any supplements or amendments hereto will be reflected in, and provided to, investors in public filings of the Company, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding cannabis regulation. Any non-compliance, citations or notices of violation which may have an impact on any of the Company's or its subsidiaries' licenses, business activities or operations will be promptly disclosed by the Company.

Ability to Access Public and Private Capital

Given the current laws regarding cannabis at the federal level in the United States, traditional bank financing is typically not available to United States cannabis companies. Specifically, the federal illegality of marijuana in the United States means that financial transactions involving proceeds generated by cannabis-related conduct can form the basis for prosecution under money laundering statutes, the unlicensed money transmitter statute and the Bank Secrecy Act. As a result, businesses involved in the cannabis industry often have difficulty finding a bank willing to accept their business. Banks who do accept deposits from cannabis-related businesses in the United States must do so in compliance with the memorandum drafted by former Deputy Attorney General James Cole on February 14, 2014 (the "**Cole Financial Crime Memo**") and the FinCEN Guidance. The Cole Financial Crime Memo states that prosecutors should apply the enforcement priorities of the Cole Memo in determining whether to charge individuals or institutions with crimes related to financial transactions involving the proceeds of marijuana-related conduct. The FinCEN Guidance provides guidelines to banks on how to accept deposits from cannabis-related businesses while remaining compliant with the Bank Secrecy Act. FinCEN has not rescinded the FinCEN Guidance following the January 4, 2018 recession of the Cole Memo.

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

While the Company is not able to obtain bank financing in the U.S. or financing from other U.S. federally regulated entities, it currently has access to equity financing through the public and private markets in Canada and in the private markets in the United States. Since the use of marijuana is illegal under U.S. federal law, and in light of concerns in the

banking industry regarding money laundering and other federal financial crime related to marijuana, U.S. banks have been reluctant to accept deposit funds from businesses involved with the marijuana industry.

Consequently, businesses involved in the marijuana industry often have difficulty finding a bank willing to accept their business. Likewise, marijuana businesses have limited, if any, access to credit card processing services. As a result, marijuana businesses in the U.S. are largely cash-based. This complicates the implementation of financial controls and increases security issues. 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 projects similar to the Company's projects. Although there has been an increase in the amount of private financing available over the last several years, 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 the Company when needed or on terms which are acceptable. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability. See "Risk Factors".

Balance Sheet Exposure

At June 30, 2018, 100%, and at March 31, 2019, 100%, of the Company's balance sheet was exposed to U.S. cannabis-related activities, respectively. Upon completion of the Moxie Business Combination, the Spring Oaks Acquisition, the NOR Acquisition and the Henderson Acquisition, the Company's balance sheet exposure to U.S. cannabis-related activities will be 100%.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company (i) as at March 31, 2019, the date of the Company's most recent unaudited interim financial statements, (ii) as at the date of this Prospectus; (iii) as at the date of this Prospectus after giving effect to the completion of the Offering (assuming no exercise of the Over-Allotment Option), and (iv) as at the date of this Prospectus after giving effect to the completion of the Offering (assuming no exercise of the Over-Allotment Option), the Moxie Business Combination and the Spring Oaks Acquisition. This table should be read in conjunction with the Interim Company Financial Statements and Interim Company MD&A, which are incorporated by reference in this Prospectus as well as the other disclosure contained in this Prospectus, including the risk factors described under the heading "Risk Factors" in this Prospectus.

	The Company as at March 31, 2019	As at March 31, 2019 after giving effect to the Debenture Financing ⁽³⁾ , the Revised Henderson Warrant, the GAOC Repurchase and certain other exercises and issuances ⁽⁶⁾	As at March 31, 2019 after giving effect to the Debenture Financing ⁽³⁾ , the Revised Henderson Warrant, the GAOC Repurchase and certain other exercises and issuances ⁽⁶⁾ and the Offering ⁽⁴⁾	As at March 31, 2019 after giving effect to the Debenture Financing ⁽³⁾ , the Revised Henderson Warrant, the GAOC Repurchase and certain other exercises and issuances ⁽⁶⁾ (8), the Offering ⁽⁴⁾ , the Moxie Business Combination and the Spring Oaks Acquisition ⁽⁷⁾
Common Shares ⁽¹⁾	188,212,278	164,217,973	184,717,973	358,649,377
Proportionate Voting Shares ⁽²⁾	40,698	59,795	59,795	62,868
Convertible Debentures ⁽⁵⁾	Nil.	17,078	17,078	17,078
Common Share Warrants	25,663,581	19,601,837	29,851,837	29,851,837
Proportionate Voting Share Warrants	19,097	Nil.	Nil.	Nil.
Common Share Options	350,000	300,000	300,000	300,000
Restricted Share Units	2,120,000	2,395,000	2,395,000	2,395,000
Total	216,405,654	186,591,683	217,341,683	391,276,160

Notes:

(1) The Common Shares are listed for trading on the CSE under the symbol "GGB".

- (2) The Proportionate Voting Shares are not listed for trading on any exchange.
- (3) Assuming conversion in full of the Debentures.
- (4) Excludes the securities issuable pursuant to the exercise of the Over-Allotment Option.
- (5) Assumes the conversion of the Convertible Debentures into Proportionate Voting Shares.
- (6) The exercise of certain outstanding warrants and options, as well as the issuance of Restricted Share Units. See “*Prior Sales*”.
- (7) Assumes the conversion in full of the Two-Year and the One-Year Note.
- (8) Assumes the issuance by the Company of Proportionate Voting Shares and Common Shares in connection with the Backstop Fee upon completion of the Offering.

USE OF PROCEEDS

Proceeds

The net proceeds to the Company from the Offering are estimated to be approximately \$46,709,250, after deducting the payment of the Underwriters’ Fee of \$3,515,750, but before deducting the expenses of the Offering (estimated to be approximately \$1,000,000). If the Over-Allotment Option is exercised in full, the net proceeds to the Company from the Offering are estimated to be approximately \$53,715,637.50, after deducting the payment of the Underwriters’ Fee of \$4,043,112.50, but before deducting the expenses of the Offering (estimated to be approximately \$1,000,000).

Principal Purposes

The Company intends to use the net proceeds from the Offering, in part, (i) to finance the repayment of the Amended Purchase Note in connection with the NOR Acquisition, (ii) to finance the HOR Cash Payment payable by the Company on closing of the Henderson Acquisition, (iii) to finance the Deferred Cash Consideration and the Giles Fee payable by the Company to complete the Spring Oaks Acquisition, and (iv) the remainder for the Company’s ongoing capital expenditures and general corporate purposes.

The Company intends to allocate the net proceeds of the Offering for the following approximate purposes:

Purpose	Net Proceeds (\$)
Estimated Available Funds	\$46,709,250
General and Administrative ⁽¹⁾	\$1,000,000
NOR Acquisition Amended Purchase Note ⁽²⁾	\$20,440,200
HOR Cash Payment for Henderson Acquisition ⁽²⁾	\$10,532,940
Spring Oaks Acquisition ⁽²⁾	\$4,284,150
Capital Expenditures and General Corporate Purposes	\$10,451,960

Notes:

- (1) Includes estimated expenses and fees related to the Offering, including legal fees, audit fees, regulatory fees and other expenses.
- (2) See “*Recent Developments*” for more information regarding the specific time period in which each event is expected to occur and the payments associated.

Until applied, the net proceeds of the Offering will be held as cash balances in the Company’s bank account or invested at the discretion of the Chief Financial Officer, subject to the investment directives of the Board.

During the nine-month period ended March 31, 2019, the Company sustained net losses from operations and had negative cash flow from operating activities. The Company’s cash and cash equivalents as at March 31, 2019 was approximately \$5,466,451. As at March 31, 2019, the Company’s working capital was approximately \$23,556,994. The Company’s cash and cash equivalents as at June 30, 2019 was approximately US\$10,000,000. As at June 30, 2019, the Company’s working capital was negative, approximately US\$77,000,000. The Company’s negative working capital position reflects: (i) the principal amount outstanding under the Amended Purchase Note, being US\$15,485,000, due August 28, 2019; (ii) the amount outstanding under the GAOC Note, being US\$29,585,798, due November 15, 2019; and (iii) US\$45,500,000 payable to the holders of the Debentures on May 17, 2020. Although the Company anticipates it will have positive cash flow from operating activities in future periods, it is uncertain when this will occur and to the extent

that the Company has negative cash flow in any future period, certain of the proceeds from the Offering may be used to fund such negative cash flow from operating activities. See *“Risk Factors — Negative Cash Flow from Operations”*.

The proceeds of the Offering have been reserved and are sufficient for the purposes of completing the repayment of the Amended Purchase Note in connection with the NOR Acquisition, the HOR Cash Payment in connection with the Henderson Acquisition and for the Deferred Cash Consideration and the Giles Fee in connection with the Spring Oaks Acquisition. In order to fund the Company’s operations for the next 12 months, including the repayment of the Two-Year Note, the One-Year Note, the GAOC Note and the repayment of the Debentures, the Company will need to raise additional capital and/or seek to extend the maturity dates of such loans. See *“Operations Over the Next 12 Months”* and *“Risk Factors — Securing Additional Financing”*.

The above-noted allocation represents the Company’s intention with respect to its use of proceeds based on current knowledge and planning by management of the Company. Actual expenditures may differ from the estimates set forth above. There may be circumstances where, for sound business reasons, the Company reallocates the use of proceeds. See *“Risk Factors — Discretion in Use of Proceeds”*.

If the Over-Allotment Option is exercised in full, the Company will receive additional net proceeds of approximately \$7,006,388 after deducting the Underwriters’ Fee. The net proceeds from the exercise of the Over-Allotment Option, if any, is expected to be added to working capital.

Other Sources of Funding

The Company raised gross proceeds of \$61,200,000 in connection with the Debenture Financing. Approximately \$61,055,000, being the net proceeds from the Debenture Financing, was used as follows: (i) approximately \$16,308,984 (US\$12,372,162) was used to complete the acquisitions of WON and Panorama; (ii) approximately \$1,318,200 (US\$1,000,000) was used to pay the members of Henderson Organic as a nonrefundable advance on the HOR Cash Payment; (iii) approximately \$1,779,570 (US\$1,350,000) was used to pay the Deposit in connection with the Spring Oaks Acquisition; (iv) approximately \$10,000,000 was used for capital expenditures in respect of the Company’s CBD kiosk shops and dispensaries, as well as home office and IT projects of the Company; (v) approximately \$10,000,000 was used in connection with the GAOC Repurchase in light of certain operational expenses of the Company; and (vi) approximately \$2,636,400 (US\$2,000,000) was used to pay the Closing Cash Consideration in connection with the Spring Oaks Acquisition. The balance of the net proceeds from the Debenture Financing was allocated for general corporate and working capital purposes and to fund operations. See *“Recent Developments”*.

Operations Over the Next 12 Months

As at June 30, 2019, the Company anticipates it will require approximately US\$161,069,085 to continue operations over the next 12 months, including funding for: (i) the NOR Acquisition, the Henderson Acquisition and the Spring Oaks Acquisition; (ii) the repayment of the GAOC Note and the Debentures, plus respective interest payable thereon; (iii) capital expenditures and working capital; and (iv) general and administrative expenses, detailed as follows:

Uses for the Next 12 Months ⁽¹⁾	Amount (\$)
NOR Acquisition Amended Purchase Note ⁽²⁾	US\$15,485,000
HOR Cash Payment for Henderson Acquisition ⁽²⁾	US\$7,979,500
Spring Oaks Acquisition ⁽²⁾	US\$5,250,000
Repayment of the GAOC Note, plus interest ⁽²⁾	US\$30,029,585
Repayment of the Debentures, plus interest ⁽²⁾	US\$52,325,000
Capital Expenditures and Working Capital	US\$20,000,000
General & Administrative Expenses ⁽³⁾	US\$30,000,000
Total:	US\$161,069,085

Notes:

- (1) Assumes completion of the Moxie Business Combination on January 1, 2020. See *“Recent Developments — The Moxie Business Combination”* and *“Risk Factors — Risks related to the Moxie Business Combination and the Spring Oaks Acquisition”*.
- (2) See *“Recent Developments”* for more information regarding the specific time period in which each event is expected to occur and the payments associated.

- (3) As the Company ramped up operations and executed on its aggressive growth strategy during its first year of operations, including the transition of the Company into a reporting issuer, general and administrative expenses, including legal and professional fees, for the nine-month period ended March 31, 2019 were approximately US\$25,000,000. For the 12 month period following completion of the Offering and assuming less aggressive growth expenditures (subject to securing additional financing to fund any such growth expenditures – see “*Risk Factors – Securing Additional Financing*”), the Issuer’s basic general and administrative expenses, including legal and professional fees, for the next 12 months are expected to be approximately US\$30,000,000.

The Company has currently identified approximately US\$167,000,504 of resources available to continue operations over the next 12 months, including the net proceeds from the Offering, cash and cash equivalents, the proceeds of the Moxie Loan, anticipated working capital of approximately US\$25,000,000 in connection with the Moxie Business Combination and the Debentures Backstop Commitment and the Additional Backstop Commitment, detailed as follows:

Sources Over the Next 12 Months ⁽¹⁾	Amount (\$)
Cash and Cash Equivalents	US\$10,000,000
Moxie Loan	US\$5,000,000
Net Working Capital, Moxie Business Combination ⁽²⁾	US\$25,000,000
Debentures Backstop Commitment	US\$52,325,000
Additional Backstop Commitment	US\$25,000,000
Other Net Operating Activities ⁽³⁾	US\$15,000,000
Net Proceeds from the Offering	US\$34,675,504
Total:	US\$167,000,504

Notes:

- (1) Assumes completion of the Moxie Business Combination on January 1, 2020. See “*Recent Developments – The Moxie Business Combination*” and “*Risk Factors – Risks related to the Moxie Business Combination and the Spring Oaks Acquisition*”.
- (2) In May 2019, Moxie completed two capital raises aggregating to a total of US\$43,000,000 cash, consisting of (i) newly issued convertible debt in the aggregate amount of US\$36,000,000 and (ii) the issuance of series C preferred units in the aggregate amount of US\$7,000,000 (the “**Moxie Capital Raise**”). In connection with the Moxie Capital Raise, existing convertible notes payable of Moxie totaling US\$7,000,000 were converted into series C-1 preferred units. Of the US\$43,000,000 cash raised (excluding debt converted) in connection with the Moxie Capital Raise, US\$5,000,000 was subsequently loaned to the Company in July 2019 in connection with the Moxie Loan. The Moxie Agreement contains customary negative and affirmative covenants on the part of Moxie regarding the conduct of its business prior to closing, including that it will cause the business to be conducted in the ordinary course. In addition, unless consented to in writing by GGB, Moxie will use commercially reasonable efforts to maintain and preserve intact its current business and the rights, good will and relationships of its employees, customers, suppliers, and others having business relationships with it. The Moxie Agreement also contains specific negative covenants as to certain impermissible activities of Moxie prior to closing, which provide that, unless consented to by GGB, it will not, among other things, change its cash management practices; incur, make any commitment or agree with respect to any capital expenditure or incur any liabilities that exceed \$200,000 in the aggregate; pay or approve of reimbursement to any shareholders or directors; and, take any action that would restrict, inhibit or adversely affect the ability of Moxie to conduct its business as presently conducted.
- (3) As at March 31, 2019, the Company operated one dispensary and one cultivation facility through its cannabis segment and six mall-based CBD kiosk shops (the first of which opened in mid-February 2019) through its CBD segment. For the three-month period ended March 31, 2019, the Company reported (i) revenue of approximately US\$5,500,000, (ii) cost of goods sold of approximately US\$5,400,000 and (iii) selling and marketing expenses of approximately US\$1,900,000 (which included start-up costs associated with the Company’s CBD operations). Since March 31, 2019, the Company has opened 95 mall-based CBD kiosk shops. During May 2019, the second cultivation facility became operational, and the Company anticipates expanding by adding two additional dispensaries (one in connection with the Henderson Acquisition and one in Reno, Nevada) and opening approximately 64 mall-based CBD kiosk shops through its CBD segment. The Company expects that it will be able to open the 64 additional mall-based CBD kiosk shops within the next 3-4 months and has existing lease agreements in place to do so. The cost to the Company of opening the two additional dispensaries and the additional CBD kiosk shops is included in the US\$20,000,000 of capital expenditures and working capital detailed in the “*Uses for the Next 12 Months*” table above. See “*Use of Proceeds – Operations over the Next 12 Months*”. The Company intends to fund the additional two dispensaries and the additional 64 mall-based CBD kiosk locations as follows: for one of the dispensaries, which the Company will acquire following the expected closing of the Henderson Acquisition, the Company intends to use the net proceeds of the Offering to fund the cash portion of the purchase price. For the remaining dispensary and the 64 additional mall-based CBD kiosk shops, the Company has sufficient committed funds to finance these initiatives through a combination of the following: (i) the net proceeds of the Offering, (ii) the Moxie Loan and (iii) the Backstop Convertible Debentures. In the next 12 months, the Company expects to (i) generate revenue of approximately US\$120,000,000 and (ii) incur cost of goods sold of approximately US\$50,000,000, and selling and marketing expenses of approximately US\$60,000,000, resulting in net other operating activities of approximately US\$10,000,000. In addition, the Company expects to realize other net operating activities of approximately US\$5,000,000 through the Moxie Business Combination. The Company’s gross margin in Q1 2019 included significant start-up and one-time costs associated with launching the CBD business and does not reflect the economies of scale that will apply in future quarters. See “*Forward-Looking Information*”, “*Regulatory Overview*” and “*Risk Factors*”.

In addition, the Company is currently engaged in discussions, and has signed a letter of intent, with United Capital Partners LLC to obtain additional debt financing of up to US\$50,000,000 (the “**Proposed Debt Financing**”). If secured, it is anticipated that the Proposed Debt Financing would be used by the Company to fund, in part, the Company’s presently identified capital

and operating expenditures related to the opening of new dispensaries, new mall-based CBD kiosk shops and the acquisition or build-out of a cultivation facility in Florida. There are no assurances that the Proposed Debt Financing will be completed, or if completed, will be on the terms that are exactly the same as disclosed in this Prospectus. See *“Risk Factors – Securing Additional Financing”*.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Company has agreed to sell and the Underwriters have agreed to, severally, and not jointly nor jointly or severally, purchase, as principals, on the Closing Date, 20,500,000 Offered Units at the Offering Price, for aggregate gross proceeds of \$50,225,000 payable in cash to the Company against delivery of the Offered Units. The Offering Price was determined by arm’s length negotiation between the Company and the Underwriters, with reference to the prevailing market price of the Common Shares. The obligations of the Underwriters under the Underwriting Agreement are several (and not joint nor joint and several), are subject to certain closing conditions and may be terminated at the Underwriters’ discretion on the basis of “disaster out”, “material change out”, “restrictions on distribution out”, “adverse order out” and “breach out” provisions in the Underwriting Agreement and may also be terminated upon the occurrence of certain other stated events. The Underwriters are, however, obligated to take up and pay for all of the Offered Units if any Offered Units are purchased under the Underwriting Agreement.

The Company has granted to the Underwriters an Over-Allotment Option, exercisable, in whole or in part, at the sole discretion of the Underwriters, for a period of 30 days from and including the Closing Date, to purchase up to an additional 3,075,000 Over-Allotment Units at the Offering Price to cover the Underwriters’ over-allocation position, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Underwriters to acquire: (i) up to an additional 3,075,000 Over-Allotment Units at the Offering Price; (ii) up to 3,075,000 Over-Allotment Shares at the Over-Allotment Share Price; (iii) up to 1,537,500 Over-Allotment Warrants at the Over-Allotment Warrant Price; or (iv) any combination of Over-Allotment Units at the Offering Price, Over-Allotment Shares at the Over-Allotment Share Price and Over-Allotment Warrants at the Over-Allotment Warrant Price, provided that the aggregate number of Over-Allotment Shares which may be issued under the Over-Allotment Option does not exceed 3,075,000 Over-Allotment Shares and the aggregate number of Over-Allotment Warrants which may be issued under the Over-Allotment Option does not exceed 1,537,500 Over-Allotment Warrants. The Over-Allotment Option is exercisable by the Underwriters giving notice to the Company in the time herein provided, which notice shall specify the number of Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants to be purchased. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Over-Allotment Units, Over-Allotment Shares or Over-Allotment Warrants forming part of the Underwriters’ over-allocation position acquires those Over-Allotment Units, Over-Allotment Shares or Over-Allotment Warrants under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In consideration for the services provided by the Underwriters in connection with the Offering, and pursuant to the terms of the Underwriting Agreement, the Company has agreed to pay the Underwriters the Underwriters’ Fee.

The Offering is being made in the provinces of British Columbia, Alberta, Ontario and Nova Scotia. The Offered Units will be offered in each of the selling provinces through the Underwriters or their affiliates who are registered to offer the Offered Units for sale in such provinces and such other registered dealers as may be designated by the Underwriters. Subject to applicable law, the Underwriters may offer the Offered Units in the United States and such other jurisdictions outside of Canada and the United States as agreed upon by the Company and the Underwriters.

The Company has given notice to list the Unit Shares, the Warrant Shares and the Warrants on the CSE. Listing will be subject to the Company fulfilling all the listing requirements of the CSE. There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased under this Prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation. See *“Risk Factors”*.

The Underwriters propose to offer the Offered Units initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Offered Units at the Offering Price, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than the Offering Price, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Offered Units is less than the gross proceeds paid by the Underwriters to the Company.

Pursuant to the Underwriting Agreement, the Company and each of its senior officers and directors, has agreed not to, and in the case of any person other than the Company, has executed an undertaking in favour of the Underwriters, pursuant to which each has agreed not to, directly or indirectly, offer, issue, sell, grant, secure, pledge, or otherwise transfer, dispose of or monetize, or engage in any hedging transaction, or enter into any form of agreement or arrangement the consequence of which is to alter economic exposure to, or announce any intention to do so, in any manner whatsoever, any Common Shares or securities convertible into, exchangeable for, or otherwise exercisable to acquire Common Shares or other equity securities of the Company for a period of ninety (90) days after the Closing Date, without the prior written consent of the Underwriters, such consent not to be unreasonably withheld, except, as applicable in the case of the Company or the applicable person, in conjunction with: (i) the grant or exercise of stock options and other similar issuances pursuant to any share incentive plan of the Company and other share-based compensation arrangements; (ii) the exercise of outstanding warrants; (iii) obligations of the Company in respect of existing agreements; (iv) the issuance of securities by the Company in connection with acquisitions in the normal course of business; (v) the issuance of securities on conversion of outstanding convertible securities or convertible debt; or (vi) in the case of a person other than the Company, in order to accept a bona fide take-over bid made to all securityholders of the Company or similar business combination transaction.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Common Shares for their own accounts or for accounts over which they exercise control or direction. The foregoing restriction is subject to certain exceptions including: (a) a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities, (b) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution, provided that the bid or purchase was for the purpose of maintaining a fair and orderly market and not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, such securities, or (c) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period. Consistent with these requirements, and in connection with this distribution, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on the CSE, in the over-the-counter market or otherwise.

Canaccord and/or its affiliates from time to time have provided in the past, and may provide in the future, investment banking, financial advisory, broker-dealer and commercial banking services to the Company and its subsidiaries and affiliates in the ordinary course of business for which they have received, or may receive, customary fees and commissions, including in connection with Canaccord providing financial advisory services and a fairness opinion as part of the Moxie Business Combination.

Accordingly, the Company may be considered a “connected issuer”, as such term is defined in National Instrument 33-105 – *Underwriting Conflicts*, of Canaccord for the purposes of applicable securities legislation in each of the provinces of Canada. Other than the Underwriters’ Fee to be allocated to the Underwriters pursuant to the terms of the Underwriting Agreement, the proceeds of the Offering will not be allocated or applied, directly or indirectly, for the benefit of Canaccord. The decision to offer Offered Units was made solely by the Company and the terms upon which the Offered Units are being offered were determined by arm’s length negotiations between the Company and the Underwriters.

The Offered Units offered hereby, and the Unit Shares and Warrant Shares issuable upon exercise of the Warrants, have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered, sold or delivered, directly or indirectly, to, or for the account or benefit of, a person in the United States or a U.S. Person.

The Underwriters have agreed that, except as permitted by the Underwriting Agreement and as expressly permitted by applicable United States federal and state securities laws, it will not offer or sell the Offered Units at any time to, or for the account or benefit of, any person in the United States or any U.S. Person as part of its distribution. The Underwriting Agreement permits the Underwriters to re-offer and re-sell the Offered Units that it has acquired pursuant to the Underwriting Agreement to “qualified institutional buyers” (as defined in Rule 144A of the U.S. Securities Act) that are, or are acting for the account or benefit of, a person in the United States or a U.S. Person in compliance with Rule 144A under the U.S. Securities Act (and pursuant to similar exemptions under applicable state securities laws). Moreover, the Underwriting Agreement provides that the Underwriters will offer and sell the Offered Units outside the United States to non-U.S. Persons only in accordance with Rule 903 of Regulation S under the U.S. Securities Act. The Offered Units that are offered or sold to, or for the account or benefit of, a person in the United States or a U.S. Person, and any Unit Shares and Warrant Shares issued upon the exercise of the Warrants, will be “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act and will be subject to restrictions to the effect that such securities have not been registered under the U.S. Securities Act or any applicable state securities laws and may only be offered, sold, pledged or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Offered Units to, or for the account or benefit of, a person in the United States or a U.S. Person. In addition, until forty (40) days after the commencement of the Offering, an offer or sale of the Offered Units within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with exemptions from registration under the U.S. Securities Act and applicable state securities laws.

Subscriptions will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about August 21, 2019, or such other date as may be agreed upon by the Company and Underwriters, but in any event not later than forty-two (42) days after the date of the receipt of the (final) short form prospectus. It is anticipated that the Offered Units will be delivered under the book-based system through CDS or its nominee and deposited in electronic form. A purchaser of Offered Units will receive only a customer confirmation from the registered dealer from or through which the Offered Units are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Offered Units on behalf of owners who have purchased Offered Units in accordance with the book-based system. No definitive certificates will be issued unless specifically requested or required.

Pursuant to the terms of the Underwriting Agreement, the Company has agreed to reimburse the Underwriters for certain expenses incurred in connection with the Offering and to indemnify the Underwriters and their directors, officers, employees, and agents against certain liabilities and expenses and to contribute to payments the Underwriters may be required to make in respect thereof.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Description of Offering

The Offering contemplates the issuance and sale of Offered Units.

Description of Common Shares and Proportionate Voting Shares

The authorized capital of the Company consists of an unlimited number of Common Shares and an unlimited number of Proportionate Voting Shares. As at the close of business on August 14, 2019, there were 179,745,863 Common Shares and 59,795 Proportionate Voting Shares issued and outstanding. The aggregate percentage of votes attached to the Common Shares and the Proportionate Voting Shares is 85.7% and 14.3%, respectively.

Notice and Voting Rights of Common Shares and Proportionate Voting Shares

Each holder of Common Shares and Proportionate Voting Shares is entitled to receive notice of and to attend all meetings of shareholders of the Company. Holders of Proportionate Voting Shares are entitled to five hundred (500) votes per Proportionate Voting Share on all matters subject to shareholder vote. Holders of Common Shares are entitled to one (1) vote per Common Share on all matters subject to shareholder vote. Except as otherwise required by law, holders of Common Shares and Proportionate Voting Shares must vote such shares as a single class.

Dividend Rights

All dividends which are declared in the discretion of the directors on the Common Shares shall be declared and paid on the Common Shares at the time outstanding, and vice versa, in the proportion hereinafter provided for. If, as and when dividends are declared by the directors, each Proportionate Voting Share is entitled to five hundred (500) times the amount paid or distributed per Common Share.

Rights on Liquidation or Winding Up

In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of its assets among the shareholder of the Company for the purpose of winding-up its affairs, whether voluntarily or involuntarily, all the property and assets of the Company available for distribution to the holders of the Common Shares and Proportionate Voting Shares will be paid or distributed on the basis that each Proportionate Voting Share will be entitled to five hundred (500) times the amount distributed per Common Share, but otherwise there is no preference or distinction among or between the Common Shares and Proportionate Voting Shares.

Restrictions on Transfer

Under applicable Canadian securities laws, an offer to purchase the Proportionate Voting Shares would not necessarily require that an offer be made to purchase the Common Shares. The holders of all the outstanding Proportionate Voting Shares have entered into a customary coattail agreement with the Company and a trustee (the “**Coattail Agreement**”). The Coattail Agreement contains provisions customary for dual class, listed corporations designed to prevent transactions that otherwise would deprive the holders of the Common Shares of rights under applicable provincial take-over bid legislation to which they would have been otherwise entitled. The foregoing is a summary of the material attributes and characteristics of the Coattail Agreement. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms of the Coattail Agreement, a copy of which has been filed with the Canadian securities regulatory authorities and available on SEDAR at www.sedar.com.

For a full description of the material attributes and classes of securities of the Company, including the conversion provisions of the Common Shares and the Proportionate Voting Shares, please see the AIF on SEDAR, available on SEDAR at www.sedar.com.

Warrants

The following is a summary of the principal attributes of the Warrants and certain anticipated provisions of the Warrant Indenture mentioned hereunder. The summary does not purport to be complete and is subject in its entirety to the detailed provisions of the Warrant Indenture. A copy of the Warrant Indenture may be obtained on request from the Company’s secretary and will be available electronically on SEDAR at www.sedar.com and reference should be made to the Warrant Indenture for the full text of the attributes of the Warrants.

Each Warrant entitles its holder, upon the payment of the exercise price of \$3.50, to purchase one Warrant Share for a period of 3 years from the Closing Date.

The Company will designate the Warrant Agent, in its Toronto office, as agent for the Warrants. Prior to the closing of the Offering, the Company may name any other agent with respect to the Warrants.

The Warrant Indenture will provide for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share upon the occurrence of certain events, including:

- (i) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of Common Shares by way of a stock dividend or other distribution (other than a dividend paid in the ordinary course or a distribution of Common Shares upon the exercise of any outstanding warrants or options);
- (ii) the subdivision, redivision or change of the Common Shares into a greater number of shares;
- (iii) the consolidation, reduction or combination of the Common Shares into a lesser number of shares;
- (iv) the issuance to all or substantially all of the holders of Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the "current market price", as defined in the Warrant Indenture, of Common Shares on such record date; and
- (v) the issuance or distribution to all or substantially all of the holders of Common Shares of securities, including rights, options or warrants to acquire shares of any class or securities exchangeable or convertible into any such shares or property or assets and including evidences of indebtedness, or any property or other assets.

The Warrant Indenture will also provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security in the event of the following additional events:

- (i) the reclassification of Common Shares;
- (ii) the amalgamation, arrangement or merger with or into any other corporation or other entity (other than an amalgamation, arrangement or merger which does not result in any reclassification of the Company's outstanding Common Shares or a change of the Common Shares into other shares); or
- (iii) the transfer of the Company's undertakings or assets as an entirety or substantially as an entirety to another corporation or other entity.

No adjustment in the exercise price or number of Warrant Shares will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the exercise price or a change in the number of Warrant Shares purchasable upon exercise by at least one one-hundredth (1/100th) of a Common Share, as the case may be.

The Company will covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, the Company will give notice to Warrant holders of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least 14 days prior to the record date or effective date, as the case may be, of such event.

No fraction of a Warrant Share will be issued upon the exercise of a Warrant and no cash payment will be made in lieu thereof. Warrant holders are not entitled to any voting rights or pre-emptive rights or any other rights conferred upon a person as a result of being a holder of Common Shares.

From time to time, the Company and the Warrant Agent, without the consent of the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Warrants. Any amendment or supplement to the

Warrant Indenture that adversely affects the interests of the holders of the Warrants may only be made by “extraordinary resolution”, which will be defined in the Warrant Indenture as a resolution either (1) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 20% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66 2/3% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution or (2) adopted by an instrument in writing signed by the holders of not less than 66 2/3% of the aggregate number of all then outstanding Warrants.

The Warrants will not be exercisable in the United States or by or on behalf of a “U.S. Person”, nor will certificates representing the Warrant Shares issuable upon exercise of the Warrants be registered or delivered to an address in the United States, unless an exemption from registration under the U.S. Securities Act and any applicable state securities laws is available.

PRIOR SALES

The following table sets forth the details regarding all issuances of Common Shares, including issuances of all securities convertible or exchangeable into Common Shares, during the 12-month period prior to the date of this Prospectus.

Date of Issue	Type of Security Issued	Issue, Exercise or Conversion Price per Security (\$)	Number of Securities Issued or Issuable
September 18, 2018 ⁽¹⁾	Common Shares ⁽³⁾	\$0.50	50,000 ⁽²⁾
October 12, 2018 ⁽⁹⁾	RTO Acquireco Shares	\$2.00 ^{(2) (10)}	15,271,040 ^{(2) (10)}
November 2, 2018 ⁽⁹⁾	RTO Acquireco Shares	\$2.00 ^{(2) (10)}	1,717,614 ^{(2) (10)}
November 9, 2018 ⁽¹⁾	Common Shares	\$1.44	46,127,001
November 9, 2018 ⁽¹⁾	Proportionate Voting Shares	\$720.00	38,194
November 9, 2018 ⁽¹⁾	Common Shares	\$2.00	1,870,662
November 9, 2018 ⁽¹⁾	Common Shares	\$1.44	14,436,637
November 13, 2018 ⁽¹⁾	Common Share Options	\$3.05	150,000
November 13, 2018 ⁽¹⁾	Common Shares ⁽³⁾	\$0.50	277,000
November 20, 2018 ⁽¹⁾	Common Shares ⁽⁴⁾	\$1.80	17,361
November 21, 2018 ⁽¹⁾	Common Shares ⁽³⁾	\$0.50	50,000
November 22, 2018 ⁽¹⁾	Common Shares ⁽³⁾	\$1.80	17,361
December 4, 2018 ⁽⁵⁾	Common Shares	\$2.00	12,228,960
December 5, 2018 ⁽¹⁾	Common Shares ⁽⁴⁾	\$1.80	10,416
December 7, 2018 ⁽¹⁾	Common Shares ⁽⁴⁾	\$1.80	26,040
December 13, 2018 ⁽¹⁾	Common Shares	\$3.13	426,992
December 14, 2018 ⁽¹⁾	Common Share Warrants	\$3.16	7,609,746 ⁽⁷⁾
December 21, 2018 ⁽¹⁾	Common Shares ⁽⁴⁾	\$1.80	34,722
December 28, 2018	Common Shares ⁽⁴⁾	\$1.80	3,204,860
December 31, 2018	Common Shares ⁽⁴⁾	\$3.00	31,000
January 3, 2019	Common Shares ⁽⁴⁾	\$3.00	25,000

January 8, 2019	Common Shares ⁽⁴⁾	\$1.80	48,609
January 9, 2019	Common Shares ⁽⁴⁾	\$1.80	34,722
January 10, 2019	Common Shares ⁽⁴⁾	\$1.80	17,361
January 11, 2019	Common Shares ⁽⁴⁾	\$1.80	123,263
January 15, 2019	Common Shares ⁽⁴⁾	\$1.80	69,444
January 17, 2019	Common Shares ⁽⁴⁾	\$1.80	434,027
January 22, 2019	Common Shares ⁽⁴⁾	\$1.80	79,861
January 22, 2019	Common Shares ⁽⁴⁾	\$1.80	347,222
January 24, 2019	Common Shares	\$2.88	1,741,244
January 25, 2019	Common Shares ⁽⁴⁾	\$1.80	26,041
January 29, 2019	Common Shares ⁽⁴⁾	\$1.80	8,681
January 29, 2019	Common Shares ⁽⁴⁾	\$1.80	17,361
January 29, 2019	Common Shares ⁽⁴⁾	\$1.80	17,360
January 30, 2019	Common Shares ⁽⁴⁾	\$1.80	26,041
February 5, 2019	Common Shares ⁽⁹⁾	\$3.00	10,000
February 5, 2019	Common Shares ⁽⁹⁾	\$1.80	20,837
February 8, 2019	Common Shares	\$5.85	1,000,000
February 8, 2019	Common Share Warrants	\$5.85	1,000,000
February 12, 2019	Common Shares ⁽⁴⁾	\$3.00	5,500
February 12, 2019	Common Shares ⁽⁴⁾	\$1.80	26,041
February 12, 2019	Common Shares ⁽⁴⁾	\$1.80	34,722
February 14, 2019	Common Shares ⁽⁴⁾	\$1.80	8,680
February 14, 2019	Common Shares ⁽⁴⁾	\$1.80	8,680
February 14, 2019	Restricted Share Units	\$5.70	2,120,000
February 19, 2019	Common Shares ⁽⁴⁾	\$1.80	225,694
February 19, 2019	Common Shares ⁽⁴⁾	\$1.80	17,361
February 27, 2019	Common Shares ⁽⁴⁾	\$1.80	34,722
February 28, 2019	Common Shares ⁽⁴⁾	\$1.80	38,194
March 7, 2019	Common Shares ⁽⁴⁾	\$3.00	2,500
March 8, 2019	Common Shares ⁽⁴⁾	\$4.62	250,000
March 14, 2019	Common Shares ⁽⁴⁾	\$1.80	173,611
March 18, 2019	Common Shares ⁽⁴⁾	\$1.80	911,806
March 26, 2019	Common Shares ⁽⁴⁾	\$1.80	34,722
April 1, 2019	Common Shares ⁽⁴⁾	\$1.80	350,000
April 23, 2019	Common Shares ⁽⁴⁾	\$1.80	52,083
April 25, 2019	Common Shares ⁽⁴⁾	\$1.80	10,416
April 30, 2019	Common Shares ⁽⁴⁾	\$1.80	48,610
April 30, 2019	Common Shares ⁽⁴⁾	\$3.00	6,000
May 3, 2019	Common Shares ⁽⁴⁾	\$1.80	112,847
May 3, 2019	Common Shares ⁽⁴⁾	\$1.80	112,847
May 3, 2019	Common Shares ⁽⁴⁾	\$1.80	225,694
May 8, 2019	Common Shares ⁽⁴⁾	\$1.80	170,833
May 9, 2019	Common Shares ⁽⁴⁾	\$1.80	451,389
May 13, 2019	Common Shares ⁽⁴⁾	\$1.80	392,361

May 13, 2019	Common Shares ⁽⁴⁾	\$1.80	69,444
May 13, 2019	Common Shares ⁽⁴⁾	\$1.80	17,361
May 13, 2019	Proportionate Voting Shares ⁽⁴⁾	\$900.00 ⁽⁶⁾	19,097
May 13, 2019	Common Shares ⁽⁴⁾	\$1.80	546,875
May 15, 2019	Common Shares ⁽⁴⁾	\$1.80	104,166
May 16, 2019	Common Shares	(\$3.26)	(27,300,000) ⁽⁸⁾
May 21, 2019	Common Shares	\$4.26	212,636
May 21, 2019	Common Shares	\$4.26	500,000
May 21, 2019	Common Share Warrants	\$4.26	500,000
May 22, 2019	Restricted Share Units	\$4.07	295,000
June 24, 2019	Common Share Warrants	\$3.03	3,973,230 ⁽⁷⁾
June 28, 2019	Common Shares ⁽⁴⁾	\$1.80	37,290
July 16, 2019	Common Shares ⁽⁴⁾	\$1.80	8,680
July 18, 2019	Common Shares ⁽⁴⁾	\$1.80	138,888
July 24, 2019	Common Shares ⁽⁴⁾	\$1.80	69,444
July 31, 2019	Common Shares ⁽¹¹⁾	\$3.16	7,289,145
July 31, 2019	Common Shares ⁽¹¹⁾	\$2.28	8,238,749

Notes:

- (1) Issued by Xanthic Biopharma Inc., which changed its name to Green Growth Brands Inc. on December 28, 2018.
- (2) Adjusted for the 4:1 share consolidation completed in conjunction with the RTO Transaction.
- (3) Issued pursuant to the exercise of options.
- (4) Issued pursuant to the exercise of warrants.
- (5) Prior to the RTO Transaction, RTO Acquireco completed a private placement for gross proceeds of \$55,000,000, whereby the subscriber subscribed for 17,781,687 RTO Acquireco Shares at approximately \$1.72 per Acquireco Share and 14,239,470 RTO Acquireco Share purchase warrants, which were exchanged on closing of the RTO Transaction for Common Share Warrants which could be exercised at an exercise price of \$2.00 per Common Share for an additional 12,228,960 Common Shares. The Subscriber exercised its Common Share Warrants prior to closing of the RTO Transaction and was issued 12,228,960 Common Shares upon payment of the aggregate exercise price on December 4, 2018.
- (6) Issued pursuant to the exercise of Proportionate Voting Share Warrants.
- (7) On June 24, 2019, the Company cancelled the Henderson Warrant and issued the Revised Henderson Warrant. See “Recent Developments”.
- (8) On May 16, 2019, the Company repurchased 27.3 million Common Shares from GAOC. See “Recent Developments”.
- (9) Issued by the RTO Acquireco prior to the closing of the RTO Transaction.
- (10) Adjusted for the share exchange ratio of 3.435228781 applied on closing of the RTO Transaction.
- (11) Issued in connection with the Spring Oaks Acquisition.

TRADING PRICE AND VOLUME

The Common Shares are listed and quoted for trading on the CSE under the trading symbol “GGB” and on the OTCQB under the symbol “GGBXF”. The following table shows the monthly range of high and low prices per Common Share at the close of market on the CSE as well as total monthly volumes of Common Shares traded on the CSE for the 12-month period prior to the date of this Prospectus.

Period	High (\$)	Low (\$)	Monthly Trading Volume
2019			
August 1 - 14 2019	\$2.20	\$1.97	3,966,800
July 2019	\$3.40	\$2.09	13,807,900
June 2019	\$3.78	\$2.61	7,178,900
May 2019	\$5.52	\$3.49	12,786,400
April 2019	\$5.01	\$3.66	9,162,300
March 2019	\$5.50	\$4.43	6,317,400

February 2019	\$6.00	\$4.77	7,826,300
January 2019	\$6.40	\$4.09	21,574,400
2018			
December 2018	\$5.27	\$2.48	9,437,300
November 2018 ⁽¹⁾	\$4.25	\$2.30	10,013,200
October 2018 ⁽¹⁾	\$N/A	\$N/A	Nil
September 2018 ⁽¹⁾	\$N/A	\$N/A	Nil
August 2018 ⁽¹⁾	\$N/A	\$N/A	Nil

Note:

- (1) Trading of the Common Shares on the CSE was halted on July 13, 2018 until completion of the RTO Transaction. Following completion of the RTO Transaction, the Common Shares were listed and commenced trading on the CSE under the stock symbol “GGB” on November 13, 2018.

REVERSE TAKE-OVER DISCLOSURE

On November 9, 2018, the Company completed the RTO Transaction as defined in section 1.1(1) of National Instrument 51-102 – *Continuous Disclosure Obligations*. Information regarding the RTO Acquiror in the Prospectus is incorporated by reference through the RTO Information Circular and other documents referenced under the heading, “*Documents Incorporated By Reference*”.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Stikeman Elliott LLP, counsel to the Company, and DLA Piper (Canada) LLP, counsel to the Underwriters, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser who acquires an Offered Unit pursuant to this Offering. For purposes of this summary, references to Common Shares include Unit Shares and Warrant Shares unless otherwise indicated. This summary applies only to a purchaser who is a beneficial owner of Common Shares and Warrants acquired pursuant to this Offering and who, for the purposes of the *Income Tax Act* (Canada) (the “**Tax Act**”), and at all relevant times: (i) deals at arm’s length and is not affiliated with the Company or the Underwriter; and (ii) holds the Common Shares and Warrants as capital property (a “**Holder**”).

Common Shares and Warrants will generally be considered to be capital property to a Holder unless they are held in the course of carrying on a business of trading or dealing in securities or were acquired in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is based upon: (i) the current provisions of the Tax Act and the regulations thereunder (“**Regulations**”) in force as of the date hereof; (ii) all specific proposals to amend the Tax Act or the Regulations that have been publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof (“**Proposed Amendments**”); and (iii) counsel’s understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (“**CRA**”). No assurance can be given that the Proposed Amendments will be enacted or otherwise implemented in their current form, if at all. If the Proposed Amendments are not enacted or otherwise implemented as presently proposed, the tax consequences may not be as described below in all cases. This summary does not otherwise take into account or anticipate any changes in law, administrative policy or assessing practice, whether by legislative, regulatory, administrative, governmental or judicial decision or action, nor does it take into account the tax laws of any province or territory of Canada or of any jurisdiction outside of Canada.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Accordingly, Holders should consult their own tax advisors with respect to their particular circumstances.

Allocation of Cost

A Holder who acquires an Offered Unit pursuant to this Offering will be required to allocate the purchase price paid for each Offered Unit on a reasonable basis between the Unit Share and the half Warrant comprising each Offered Unit in order to determine their respective costs to such Holder for the purposes of the Tax Act. For its purposes, the

Company has advised counsel that, of the \$2.45 subscription price for each Offered Unit, it intends to allocate \$2.24 to each Unit Share and \$0.21 to each half Warrant and believes that such allocation is reasonable. The Company's allocation, however, is not binding on the CRA or on a Holder. The adjusted cost base to a Holder of each Unit Share comprising a part of an Offered Unit acquired pursuant to this Offering will be determined by averaging the cost of such Unit Share with the adjusted cost base to such Holder of all other Common Shares (if any) held by the Holder as capital property immediately prior to the acquisition.

Exercise of Warrants

No gain or loss will be realized by a Holder upon the exercise of a Warrant. When a Warrant is exercised, the cost to the Holder of the Warrant Share so acquired will be the aggregate of the adjusted cost base, for that Holder, of the Warrant and the price paid for the Warrant Share upon exercise of the Warrant. The Holder's adjusted cost base of the Warrant Share so acquired will be determined by averaging the cost of the Warrant Share acquired upon the exercise of a Warrant with the adjusted cost base to such Holder of all other Common Shares (if any) held by the Holder as capital property immediately prior to the exercise of the Warrant.

Holders Resident in Canada

This section of the summary applies to a Holder who, at all relevant times, is, or is deemed to be, resident in Canada for the purposes of the Tax Act ("**Resident Holder**"). This section of the summary is not applicable to a Holder: (i) that is a "financial institution" within the meaning of section 142.2 of the Tax Act; (ii) that is a "specified financial institution" as defined in subsection 248(1) of the Tax Act; (iii) that has elected to report its Canadian tax results in a currency other than the Canadian currency; (iv) an interest in which is a "tax shelter investment" for the purposes of the Tax Act, or (v) has entered into or will enter into a "derivative forward agreement", as defined in subsection 248(1) of the Tax Act, in respect of Common Shares or Warrants. Such Holders should consult their own tax advisor.

Additional considerations, not discussed herein, may be applicable to a Resident Holder that is a corporation (or does not deal at arm's length with a corporation) that is, or becomes as part of a transaction or series of transactions or events that includes the acquisition of the Offered Units, controlled by a non-resident corporation, individual, trust, or group of the foregoing that do not deal with each other at arm's length for the purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Holders should consult their own tax advisors with respect to an investment in Offered Units.

A Resident Holder whose Common Shares might not otherwise qualify as capital property may be entitled to make the irrevocable election provided by subsection 39(4) of the Tax Act to have the Common Shares and every other "Canadian security" (as defined in the Tax Act) owned by such Resident Holder in the taxation year of the election and in all subsequent taxation years deemed to be capital property. Resident Holders should consult their own tax advisors for advice as to whether an election under subsection 39(4) of the Tax Act is available and/or advisable in their particular circumstances. Such election is not available in respect of Warrants.

Dividends

A Resident Holder will be required to include in computing its income for a taxation year any taxable dividends received or deemed to be received on the Common Shares. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations. Taxable dividends received from a taxable Canadian corporation which are designated by such corporation as "eligible dividends" will be subject to an enhanced gross-up and dividend tax credit regime in accordance with the rules in the Tax Act. In the case of a Resident Holder that is a corporation, the amount of any such taxable dividend that is included in its income for a taxation year will generally be deductible in computing its taxable income for that taxation year. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Resident Holder that is a “private corporation” or a “subject corporation”, as defined in the Tax Act, will generally be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing the Resident Holder’s taxable income for the year. This tax will generally be refunded to the corporation when sufficient dividends are paid while it is a private corporation or a subject corporation.

Dispositions of Common Shares and Warrants

A Resident Holder who disposes of or is deemed to have disposed of a Common Share or Warrant (other than on the exercise of a Warrant) will generally realize a capital gain (or capital loss) in the taxation year of the disposition equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base to the Resident Holder of the Common Share or Warrant immediately before the disposition or deemed disposition. Generally, the expiry of an unexercised Warrant will give rise to a capital loss equal to the adjusted cost base to the Resident Holder of such Warrant. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading “*Taxable Capital Gains and Losses*”.

Taxable Capital Gains and Losses

A Resident Holder will generally be required to include in computing its income for the taxation year of disposition, one-half of the amount of any capital gain (a “**taxable capital gain**”) realized in such year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder will generally be required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) against taxable capital gains realized in the taxation year of disposition. Allowable capital losses in excess of taxable capital gains for the taxation year of disposition generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances specified in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of a Common Share by a Resident Holder that is a corporation may, in certain circumstances, be reduced by the amount of dividends received or deemed to have been received by it on such Common Shares to the extent and under the circumstances specified in the Tax Act. Similar rules may apply where a Resident Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly, through a partnership or a trust. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

Other Income Taxes

A Resident Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax on its “aggregate investment income” (as defined in the Tax Act) for the year, including taxable capital gains.

In general terms, a Resident Holder who is an individual (other than certain trusts) that receives or is deemed to have received taxable dividends on the Common Shares or realizes a capital gain on the disposition or deemed disposition of Common Shares or Warrants may be liable for alternative minimum tax under the Tax Act. Resident Holders that are individuals should consult their own tax advisors in this regard.

Holders Not Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act: (i) is not, and is not deemed to be, resident in Canada; and (ii) does not use or hold the Common Shares or Warrants in the course of a business carried on or deemed to be carried on in Canada (“**Non-Resident Holder**”). This summary does not apply to a Holder that carries on, or is deemed to carry on, an insurance business in Canada and elsewhere or an “authorized foreign bank” (as defined in the Tax Act) and such Holders should consult their own tax advisors.

Dividends

Dividends paid or credited or deemed under the Tax Act to be paid or credited by the Company to a Non-Resident Holder on the Common Shares will generally be subject to Canadian withholding tax at the rate of 25%, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled under any applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident. For example, where a Non-Resident Holder is a resident of the United States, is fully entitled to the benefits under the *Canada-United States Income Tax Convention (1980)* and is the beneficial owner of the dividend, the applicable rate of Canadian withholding tax is generally reduced to 15%.

Dispositions

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition or deemed disposition of a Common Share or Warrant unless the Common Share or Warrant is, or is deemed to be, “taxable Canadian property” of the Non-Resident Holder for the purposes of the Tax Act and the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

Generally, a Common Share or Warrant will not constitute taxable Canadian property of a Non-Resident Holder provided that the Common Shares are listed on a “designated stock exchange” for the purposes of the Tax Act (which currently includes the CSE) at the time of disposition of such Common Shares or Warrant, unless at any time during the 60 month period immediately preceding the disposition, (i) at least 25% of the issued shares of any class or series of the capital stock of the Company were owned by or belonged to any combination of (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder did not deal at arm’s length, and (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; and (ii) at such time, more than 50% of the fair market value of such shares was derived, directly or indirectly, from any combination of real or immovable property situated in Canada, “Canadian resource property” (as defined in the Tax Act), “timber resource property” (as defined in the Tax Act), or options in respect of, interests in, or for civil law rights in such properties, whether or not such property exists.

In cases where a Non-Resident Holder disposes (or is deemed to have disposed) of a Common Share or Warrant that is taxable Canadian property to that Non-Resident Holder, and the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention, the consequences described above under the heading *“Holders Resident in Canada — Taxable Capital Gains and Losses”* will generally be applicable to such disposition. Such Non-Resident Holders should consult their own tax advisors.

ELIGIBILITY FOR INVESTMENT

In the opinion of Stikeman Elliott LLP, counsel to the Company, and DLA Piper (Canada) LLP, counsel to the Underwriters, based on the current provisions of the Tax Act, the Regulations and Proposed Amendments, the Unit Shares, Warrants and Warrant Shares, if issued on the date hereof, would be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan (“RRSP”), registered retirement income fund (“RRIF”), deferred profit sharing plan, registered education savings plan (“RESP”), registered disability savings plan (“RDSP”) or tax-free savings account (“TFSA”, and collectively “Registered Plans”), provided that (i) in the case of the Unit Shares and Warrant Shares, the Unit Shares or Warrant Shares are listed on a “designated stock exchange,” as defined in the Tax Act (which includes the CSE) and (ii) in the case of the Warrants, the Warrant Shares are qualified investments as described in (i) above and neither the Company, nor any person with whom the Company does not deal at arm’s length for the purposes of the Tax Act, is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the particular Registered Plan.

Notwithstanding the foregoing, if the Unit Shares, Warrant Shares or Warrants are a “prohibited investment” (as defined in the Tax Act) for a particular RRSP, RRIF, RDSP, RESP or TFSA, the annuitant, holder, or subscriber of the particular Registered Plan, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Unit Shares, Warrant Shares and Warrants will not be a “prohibited investment” for a trust governed by an RRSP, RRIF, RDSP, RESP or TFSA provided the annuitant of the RRSP or RRIF, the holder of the TFSA or RDSP, or the subscriber of the RESP, as

the case may be, deals at arm's length with the Company for purposes of the Tax Act and does not have a "significant interest", within the meaning of ss. 207.01(4) of the Tax Act, in the Company. In addition, the Unit Shares and Warrant Shares will not be a prohibited investment if such securities are "excluded property", for purposes of the prohibited investment rules, for an RRSP, RRIF, RDSP, RESP or TFSA. Annuitants under an RRSP or RRIF, holders of a TFSA or RDSP and subscribers under an RESP should consult their own tax advisors as to whether the Unit Shares, Warrant Shares or Warrants will be a prohibited investment for such RRSP, RRIF, TFSA, RESP or RDSP in their particular circumstances.

PROMOTERS

During the two years immediately preceding the date of this Prospectus, the promoters of the Company have been and are as follows:

Name	Type of Securities Held	Number of Securities Held ²³	Percentage of Outstanding Class
All Js Greenspace LLC	Common Shares	36,090,144	10.1%
All Js Greenspace LLC	Proportionate Voting Shares	62,868	100.0%
Chiron Ventures Inc.	Common Shares	12,042,656	3.4%

AUDIT COMMITTEE

As at the date of this Prospectus, the Audit Committee consists of the following members: Carli Posner, Igor Galitsky, and Steven Stoute. The following is a brief summary of the education or experience of each member of the Audit Committee that is relevant to the performance of his or her responsibilities as a member of the Audit Committee, including any education or experience that has provided the member with an understanding of the accounting principles used by the Company to prepare its annual and quarterly consolidated financial statements.

The Issuer's Audit Committee consists of Carli Posner, Igor Galitsky, and Steven Stoute. The following is a summary biography Ms. Posner serves as Chief Executive Officer of Notable Life Media Group and Signature C Entertainment. In these roles, she leads the operations of each of these entities, to include review and approval related to the budgeting and financing processes. Her prior roles include positions with the Canadian Broadcasting Corporation and the National Hockey League. Ms. Posner holds a bachelor's degree in Fine Arts from the University of Victoria.

Mr. Galitsky previously served as President of Xanthic Biopharama, Inc. and is one of the entity's founders. He has extensive experience in the cannabis sector, having operated in the industry in various capacities since 2001, including prior executive positions with the Issuer and participation on the Canadian Cannabis Coalition, a national coalition founded in 1999, comprised of over 150 leading grassroots, business, political, medicinal, legal, academic and international stakeholders. Mr. Galitsky also operated his own consulting firm, through which he assisted several Canadian licensed medical producers in successfully launching operations, developing standard operating procedures, and consulting on construction, cultivation, licensing, and extracting. Prior to his experience in the cannabis industry, Mr. Galitsky founded and operated a sportswear company, where he oversaw sales, financing, operations, and marketing functions, and was responsible for the execution of the company's corporate strategy and eventual sale to an Italian sportswear conglomerate. Subsequent to this experience, Mr. Galitsky oversaw and was responsible for a real estate portfolio with more than \$60,000,000 in assets. He also currently serves on the board of directors at Platinex Inc., which focuses on development of an online community and portal by publishing timely and informative articles in respect of the cannabis industry. Mr. Galitsky holds a bachelor's degree in business administration from Seneca College.

²³ Assumes the issuance by the Company of (i) Proportionate Voting Shares to All Js Greenspace LLC and (ii) Common Shares to Chiron Ventures Inc. in connection with the Backstop Fee upon completion of the Offering.

Mr. Stoute currently serves as Chief Executive Officer of Translation Enterprises, an advertising and marketing agency with clients that include the National Basketball Association, Kaiser Permanente, and State Farm Insurance. In his capacity as Chief Executive Officer, he is responsible for, among other things, the evaluation and analysis of complex financial statements and reports to include interaction with (and oversight of) subordinates actively engaged in compiling such statements and reports. Prior to that role, he served as Chief Executive Officer for Carol's Daughter, a developer of hair and beauty products that was acquired by L'Oreal under Mr. Stoute's guidance. He also served as an executive Vice President for Interscope Records. Mr. Stoute's various executive level positions have provided him with a firm understanding of the internal controls related to financial reporting and an ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are reasonably comparable to the breadth and complexity of the issues that can be expected to be raised by the Company's financial statements.

RISK FACTORS

An investment in the Offered Units is speculative and involves certain risks. When evaluating the Company and its business, prospective purchasers of the Offered Units should consider carefully the information set out in this Prospectus and the risks described below and in the documents incorporated by reference in this Prospectus, including those risks identified and discussed under the heading "Risk Factors" in the RTO Information Circular, the AIF and the Interim Company MD&A, all of which are incorporated by reference into this Prospectus.

The risks and uncertainties described or incorporated by reference herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company is unaware of or that are currently deemed immaterial, may also adversely affect the Company and its business.

Risks related to the Moxie Business Combination and the Spring Oaks Acquisition

Failure to realize the anticipated benefits of the Moxie Business Combination

The Moxie Business Combination remains subject to the risk that it may not be completed, or if completed, will be completed on the terms that are materially different from those disclosed in this Prospectus. The Moxie business operates in a highly competitive and regulated marketplace. There can be no assurance that management of the Company will be able to fully realize the expected benefits of the Moxie Business Combination, including from a margin, accretion and cash flow perspective. There is a risk that some or all of the expected benefits will fail to materialize or may not occur within the time periods anticipated by management of the Company. The realization of such benefits may be affected by a number of factors, many of which are beyond the control of the Company.

There are risks related to the integration of the Moxie business

The ability to realize the anticipated benefits of the Moxie Business Combination including, among other things, those set forth under the heading "The Moxie Business Combination" above, will depend in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on the ability to realize the anticipated growth and potential synergies from integrating the Moxie business within the Company's existing business. This integration will require the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect the ability of the Company to achieve the anticipated benefits of the Moxie Business Combination.

Reliance on key personnel

The success of the integration of the Moxie business into the Company is dependent on certain key management and technical personnel. The loss of these individuals could have a material adverse effect on the Company's business, revenues, operating results and financial condition post-acquisition.

Potential undisclosed liabilities associated with the Moxie Business Combination

Although the Company has conducted what it believes to be a prudent and thorough level of investigation in connection with the Moxie Business Combination, an unavoidable level of risk exists that there may be liabilities and contingencies that management did not discover in its due diligence and the Company may not be indemnified or adequately indemnified for some or all of these liabilities and contingencies. The discovery of any material liabilities or contingencies could have a material adverse effect on the Company's business, financial condition and results of operations.

No assurance of the Moxie business' future performance

Historic and current performance of the Moxie business may not be indicative of success in future periods. The future performance of the Moxie business may be influenced by, among other factors, economic downturns, technological and regulatory changes and other factors beyond the control of the Company. As a result of any one or more of these factors, the operations and financial performance of the Moxie business may be negatively affected, which may adversely affect the Company's financial results.

Historical Financial Information

The historical financial information relating to the Moxie business included in this Prospectus has been derived from third parties' historical accounting records. The Company believes that the assumptions underlying the combined and consolidated financial statements are reasonable. The combined financial statements, however, may not reflect what the Company's financial position, results of operations or cash flows will be in the future.

Limited Indemnities under the Moxie Agreement

Pursuant to the terms of the Moxie Agreement, each of D18 ANACAPA LLC, LAMS HOLDINGS, LLC, and KPM84 LLC (the "**Pro Rata Members**") have agreed to, severally and not jointly, indemnify the Company and certain of its affiliates in respect of certain matters, including, without limitation, (i) losses related to a specified commercial matter; and (ii) specified potential tax liabilities, in each case identified as potential liabilities of Moxie during the Company's due diligence of Moxie. With respect to claims relating to the specified commercial matter, the claims period is 24 months from the closing date of the Moxie Business Combination and is subject to an overall cap of US\$10,000,000. With respect to claims relating to the specified potential tax liabilities, the claims period is 7 years from the closing date of the Moxie Business Combination, with no threshold or cap. During such 7-year period, the Pro Rata Members have agreed to retain their pro rata portion of US\$30,000,000 of any combination of cash, Common Shares or Exchangeable LP Units. In the event the Moxie Business Combination is consummated, and the Company incurs material losses or liabilities relating to Moxie, including losses or liabilities for which the Pro Rata Members have agreed to indemnify the Company, there can be no assurance that the Company will be able to enforce these indemnities and/or recover some or all of the value of such losses.

Certain Common Shares issued in connection with the Moxie Business Combination not subject to a lock up period

Following the closing of the Moxie Business Combination, the former members of Moxie, the shareholders of MX Y C and MX Y D and the holders of the Pure Entities will hold between 11.9% and 26.4% of the fully-diluted equity of GGB (using the treasury method and assuming no other issuances of GGB securities, other than pursuant to this Offering (excluding the securities issuable pursuant to the exercise of the Over-Allotment Option)). While the majority of such Common Shares to be issued on closing of the Moxie Business Combination will be subject to lock-up agreements for a period of up to twelve (12) months from the closing of the Moxie Business Combination, with 1/12th of such locked-up Common Shares to be released each month during the lock-up period, the remaining Common Shares issued to such holders will not be subject to any lock up restrictions. As a result, any sales of substantial numbers of the Common Shares in the public market or the perception that such sales might occur may cause the market price of the Common Shares to decline.

Information about the Moxie business and liability to investors for Prospectus misrepresentations

All information relating to the Moxie business in this Prospectus has been obtained from Moxie. Although the Company has conducted what it believes to be a prudent and thorough level of investigation in connection with the Moxie Business Combination, an unavoidable level of risk remains regarding the accuracy and completeness of such information. Pursuant to the terms of the Moxie Agreement, Moxie has agreed to indemnify the Company from and against all claims to which it may be subject or may suffer, in any way caused by, or arising, directly or indirectly from or in consequence of any misrepresentation or alleged misrepresentation in any information included in this Prospectus regarding Moxie and its affiliates furnished to the Company in writing by Moxie for the inclusion in this Prospectus. While the Company has no reason to believe such information is misleading, untrue or incomplete, there is no certainty of accuracy or completeness of such information or of the failure by Moxie to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to the Company.

Spring Oaks Acquisition related risks

The ability to realize the anticipated benefits of the Spring Oaks Acquisition will depend in part on management successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner.

Risks Specifically Related to the Cannabis Industry*Cannabis is Illegal under Federal United States Law*

Investors are cautioned that in the United States, cannabis is largely regulated at the State level. To the Company's knowledge, some form of cannabis has been legalized in 33 States, the District of Columbia, and the territories of Guam and Puerto Rico as of February 2019. Additional States have pending legislation regarding the same. Although each State in which the Company operates (and is currently proposing to operate) authorizes, as applicable, medical and/or adult-use cannabis production and distribution by licensed or registered entities, and numerous other States have legalized cannabis in some form, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal, and any such acts are criminal acts under federal law under any and all circumstances under the CSA. The concepts of "medical cannabis", "retail cannabis" and "adult-use cannabis" do not exist under U.S. federal law. Marijuana is a Schedule I drug under the CSA. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. Although the Company believes that its business activities are compliant with applicable state and local laws of the United States, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under United States federal law, nor may it provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may result in a material adverse effect on the Company. Even where the Company's cannabis-related activities are compliant with applicable State and local law, such activities remain illegal under United States federal law. The enforcement of relevant laws is a significant risk. United States CBP enforces the laws of the United States. Crossing the border while in violation of the CSA and other related United States federal laws may result in denied admission, seizures, fines and apprehension. CBP officers administer the United States Immigration and Nationality Act to determine the admissibility of travelers, who are non-U.S. citizens, into the United States. An investment in the Company, if it became known to CBP, could have an impact on a shareholder's admissibility into the United States and could lead to a lifetime ban on admission. See *"Risk Factors - United States Border Entry"*.

Medical cannabis has been protected against enforcement by enacted legislation from the United States Congress in the form of the Rohrabacher-Farr Amendment, which prevents federal prosecutors from using federal funds to impede the implementation of medical cannabis laws enacted at the state level, subject to the United States Congress restoring such funding. This amendment has historically been passed as an amendment to omnibus appropriations bills, which by their nature expire at the end of a fiscal year or other defined term. Subsequent to the issuance of the Sessions Memo, the United States Congress passed its omnibus appropriations bill, SJ 1662, which for the fourth consecutive year contained the Rohrabacher-Farr Amendment language (referred to in 2018 as the Leahy Amendment) and continued the protections for the medical cannabis marketplace and its lawful participants from interference by the Department

of Justice. The Rohrbacher-Farr Amendment again was included in the Consolidated Appropriations Act of 2019, which was signed by President Trump on February 14, 2019 and funds the departments of the federal government through the fiscal year ending September 30, 2019. Notably, such Amendments have always applied only to medical cannabis programs, and have no effect on pursuit of adult-use cannabis activities.

Violations of any United States federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the United States federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its holding (directly or indirectly) of medical and adult-use cannabis licenses in the United States, its financial position, operating results, profitability or liquidity or the market price of its publicly-traded shares. In addition, it will be 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.

United States Regulatory Uncertainty

The activities of the Company are subject to regulation by governmental authorities. The Company's business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products in each jurisdiction in which it operates. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company. Furthermore, although the operations of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company's ability to import, distribute or, in the future, produce marijuana. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of marijuana, or more stringent implementation thereof could have a substantial adverse impact on the Company.

As a result of the conflicting views between State legislatures and the federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. The response to this inconsistency was addressed in the Cole Memo addressed to all United States district attorneys acknowledging that notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several states have enacted laws relating to cannabis for medical purposes. The Cole Memo outlined certain priorities for the United States Department of Justice relating to the prosecution of cannabis offenses. In particular, the Cole Memo noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the United States Department of Justice has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memo standard. In light of limited investigative and prosecutorial resources, the Cole Memo concluded that the United States Department of Justice should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority.

In March 2017, then Attorney General Sessions again noted limited federal resources and acknowledged that much of the Cole Memo had merit; however, he had previously stated that he did not believe it had been implemented effectively and, on January 4, 2018, former Attorney General Sessions issued the Sessions Memorandum, which rescinded the Cole Memo. The Sessions Memorandum rescinded previous nationwide guidance specific to the prosecutorial authority of United States Attorneys relative to cannabis enforcement on the basis that they are unnecessary, given the well-established principles governing federal prosecution that are already in place. Those principles are included in chapter 9.27.000 of the United States Attorneys Manual and require federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community. As a result of the Sessions Memorandum, federal prosecutors are now

free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of State-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and resultantly it is uncertain how active U.S. federal prosecutors will be in relation to such activities. As discussed above, should the Rohrabacher-Leahy Amendment not be renewed, there can be no assurance that the United States federal government will not seek to prosecute cases involving medical cannabis businesses that are otherwise compliant with state laws. Furthermore, the Sessions Memorandum did not discuss the treatment of medical cannabis by federal prosecutors. While dozens of United States attorneys from across the country have affirmed that their view of federal enforcement priorities has not changed, there can be no assurances that such views are universally held or will continue in the near future. In California, at least one United States Attorney has made comments indicating a desire to enforce the CSA, stating that the Sessions Memorandum and the rescission of the Cole Memo “returns trust and local control to federal prosecutors” to enforce the CSA. These and other so called “enforcement hawks” in California or elsewhere may choose to enforce the CSA in accordance with federal policies prior to the issuance of the Cole Memo. As such, there can be no assurance that the United States federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with State law. Contrastingly, Andrew Lelling, the United States Attorney for the District of Massachusetts, issued a statement explaining that while marijuana is illegal under federal law, his “office’s resources [...] are primarily focused on the opioid epidemic.” In this statement, United States Attorney Lelling also clarified that his marijuana enforcement efforts will be focused on overproduction, targeted sales to minors, and organized crime and interstate transportation of drug proceeds. On November 7, 2018, Mr. Sessions tendered his resignation as Attorney General at the request of President Donald Trump. Attorney General Sessions was replaced by William Barr on February 14, 2019. In a written response to questions from U.S. Senator Cory Booker made as a nominee, Attorney General Barr stated “I do not intend to go after parties who have complied with state law in reliance on the Cole Memorandum.” Attorney General Barr served in the same position under former President George H.W. Bush and promoted an anti-drug stance during his tenure. However, during his Senate confirmation hearing, Mr. Barr testified (similar to his written responses) that although he disagrees with efforts by states to legalize marijuana, he “won’t go after” marijuana companies in states that have authorized regulated adult-use. He stated further that he would not upset settled expectations that have arisen as a result of the Cole Memo, notwithstanding his predecessor’s rescission of the Cole Memo. Notwithstanding this testimony, there is no guarantee that Attorney General Barr plans to or will forbid federal prosecution of state-licensed marijuana companies. It is important to note that in the United States, individual United States attorneys operate within state- or district-level jurisdictions and enjoy a substantial degree of autonomy in determining which criminal actions to pursue. While dozens of United States attorneys from across the country have affirmed that their view of federal enforcement priorities has not changed, there can be no assurances that such views are universally held or will continue in the near future. As such, there can be no assurance that the United States federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with State law. Any potential federal prosecution of state-licensed marijuana companies could involve significant restrictions being imposed upon the Company, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Company, as well as the Company’s reputation, even if such proceedings were concluded successfully in favour of the Company. In the extreme case, such proceedings could ultimately involve the prosecution of key executives of the Company or the seizure of corporate assets; however as of the date hereof, the Company believes that proceedings of this nature are remote. In sum, there is no certainty as to how the Department of Justice, Federal Bureau of Investigation and other government agencies will handle cannabis matters in the future. There can be no assurances that the Trump administration would not change the current enforcement policy and decide to strongly enforce the federal laws. The Company regularly monitors the activities of the current administration in this regard.

Money Laundering Laws and Access to Banking

The Company is subject to a variety of laws and regulations in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States.

In February 2014, the FinCen issued the FinCEN Memo providing instructions to banks seeking to provide services to cannabis-related businesses. The FinCEN Memo states that in some circumstances, it is permissible for banks to provide

services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance that Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the CSA. It is unclear at this time whether the current administration will follow the guidelines of the FinCEN Memo.

In the event that any of the Company's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends or effect other distributions.

United States Border Entry

Because cannabis remains illegal under United States federal law, those investing in Canadian companies with operations in the United States cannabis industry could face detention, denial of entry or lifetime bans from the United States for their business associations with United States cannabis businesses. Entry happens at the sole discretion of CBP officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a non-US citizen or foreign national. The government of Canada has started warning travelers on its website that previous use of cannabis, or any substance prohibited by United States federal laws, could mean denial of entry to the United States. Business or financial involvement in the cannabis industry in the United States could also be reason enough for United States border guards to deny entry. On September 21, 2018, CBP released a statement outlining its current position with respect to enforcement of the laws of the United States. It stated that Canada's legalization of cannabis will not change CBP enforcement of United States laws regarding controlled substances and because cannabis continues to be a controlled substance under United States law, working in or facilitating the proliferation of the legal marijuana industry in U.S. states where it is deemed legal may affect admissibility to the United States. On October 9, 2018, CBP released an additional statement regarding the admissibility of Canadian citizens working in the legal cannabis industry. CBP stated that a Canadian citizen working in or facilitating the proliferation of the legal cannabis industry in Canada coming into the United States for reasons unrelated to the cannabis industry will generally be admissible to the United States; however, if such person is found to be coming into the United States for reasons related to the cannabis industry, such person may be deemed inadmissible. As a result, CBP has affirmed that, employees, directors, officers, managers and investors of companies involved in business activities related to cannabis in the United States (such as the Company), who are not United States citizens face the risk of being barred from entry into the United States for life.

Heightened Scrutiny of Cannabis Companies in Canada and the United States

The Company's existing operations in the United States, and any future operations, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in the United States and Canada. Given the heightened risk profile associated with cannabis in the United States, CDS Clearing and Depository Services Inc. ("**CDS**") may implement procedures or protocols that would prohibit or significantly impair the ability of CDS to settle trades for companies that have cannabis businesses or assets in the United States.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("TMX MOU") with Aequis NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The TMX MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the United States. The TMX MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States. However, there can be no assurances given 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 to settle trades. In particular, Shares in the Company would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the shares through the facilities of a stock exchange.

Settlement by Securityholders Resident in the United States

Given the heightened risk profile associated with cannabis in the United States, capital markets participants may be unwilling to assist with the settlement of trades for U.S. resident securityholders of companies with operations in the United States cannabis industry which may prohibit or significantly impair the ability of securityholders in the United States to trade the securities or any shares. In the event residents of the United States are unable to settle trades of the securities or any shares, this may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices and the liquidity of these securities.

The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure, growth, regulatory compliance and operations

The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Company's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, 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 the Company. The Company's efforts to grow its business may be more costly than expected, and the Company may not be able to increase its revenue enough to offset its higher operating expenses. The Company may incur significant losses in the future for a number of reasons, including unforeseen expenses, difficulties, complications and delays, and other unknown events. If the Company is unable to achieve and sustain profitability, the market price of the securities of the Company may significantly decrease.

Availability of Favorable Locations

In Massachusetts and other states, the local municipality has authority to choose where any cannabis establishment will be located. These authorized areas are frequently removed from other retail operations. Because the cannabis industry remains illegal under United States federal law, the disadvantaged tax status of businesses deriving their income from cannabis, and the reluctance of the banking industry to support cannabis businesses, it may be difficult for the Company to locate and obtain the rights to operate at various preferred locations. Property owners may violate their mortgages by leasing to the Company, and those property owners that are willing to allow use of their facilities may require payment of above fair market value rents to reflect the scarcity of such locations and the risks and costs of providing such facilities.

Restrictions on Deduction of Certain Expenses

Section 280E of the Internal Revenue Code generally prohibits businesses from deducting or claiming tax credits with respect to expenses paid or incurred in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of Schedule I and II of the CSA) which is prohibited by U.S. federal law or the law of any state in which such trade or business is conducted. Section 280E currently applies to businesses operating in the cannabis industry, irrespective of whether such businesses that are licensed and operating in accordance with applicable state laws. The application of Internal Revenue Code Section 280E generally causes such businesses to pay higher effective U.S. federal tax rates than similar businesses in other industries. The impact of Internal Revenue Code Section 280E on the effective tax rate of a cannabis business generally depends on how large the ratio of non-deductible expenses is to the business's total revenues. GGB expects to be subject to Internal Revenue Code Section 280E. The application of Internal Revenue Code Section 280E to GGB may adversely affect GGB's profitability and, in fact, may cause GGB to operate at a loss. While recent legislative proposals, if enacted into law, could eliminate or diminish the application of Internal Revenue Code Section 280E to cannabis businesses, the enactment of any such law is uncertain. Accordingly, Internal Revenue Code Section 280E may apply to GGB indefinitely.

Lack of Access to United States Bankruptcy Protections

Because cannabis is a Schedule I substance under the CSA, many courts have denied cannabis businesses federal bankruptcy protections, making it difficult for lenders to be made whole on their investments in the cannabis industry in the event of a bankruptcy. If the Company were to experience a bankruptcy, there is no guarantee that United States federal bankruptcy protections would be available to the Company, which would have a material adverse effect.

Inability to Enforce 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 in the United States, judges in multiple states have on a number of occasions refused to enforce contracts for the repayment of money when the loan was used in connection with activities that violate United States federal law, even if there is no violation of state law. There remains doubt and uncertainty that the Company will be able to legally enforce contracts it enters into if necessary. The Company cannot be assured that it will have a remedy for breach of contract, which would have a material adverse effect on the Company.

Competition

The Company may face increasing and 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 the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

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

The Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition. The cannabis industry is undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. Acquisitions or other consolidating transactions could harm the Company in a number of ways, including losing customers, revenue and market share, or forcing the Company to expend greater resources to meet new or additional competitive threats, all of which could harm the Company's operating results. As competitors enter the market and become increasingly sophisticated, competition in the Company's industry may intensify and place downward pressure on retail prices for its products and services, which could negatively impact its profitability.

Limitations on Ownership of Licenses

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. For example, in Massachusetts, no person may have an ownership interest, or control over, more than three medical licenses or three adult-use licenses in any category – for example, cultivation, product manufacturing, transport or retail. Such limitations on the acquisition of ownership of additional licenses within certain states may limit the Company's ability to grow organically or to increase its market share in such states.

The Cannabis Industry is Difficult to Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis industry. 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 the Company. Reliable data on the medical and adult-

use cannabis industry is not available. 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. United States federal and state laws prevent widespread participation and hinder market research. Therefore, market research and projections by the Company 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 the Company's management team as of the date of this Prospectus.

Agricultural Risks

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

Service Providers

As a result of any adverse change to the approach in enforcement of United States cannabis laws, adverse regulatory or political change, additional scrutiny by regulatory authorities, adverse change in public perception in respect of the consumption of marijuana or otherwise, third party service providers to the Company could suspend or withdraw their services, which may have a material adverse effect on the Company's business, revenues, operating results, financial condition or prospects.

Re-Classification of Cannabis or Changes in United States Controlled Substance Laws and Regulations

If cannabis is re-categorized as a Schedule II or lower controlled substance, the ability to conduct research on the medical benefits of cannabis would most likely be more accessible; however, if cannabis is re-categorized as a Schedule II or other controlled substance, the resulting re-classification would result in the need for approval by the FDA if medical claims are made for the Company's products, such as medical cannabis. As a result, the manufacture, importation, exportation, domestic distribution, storage, sale and use of such products may be subject to a significant degree of regulation by the DEA. In that case, the Company may be required to be registered (licensed) to perform these activities and have the security, control, recordkeeping, reporting and inventory mechanisms required by the DEA to prevent drug loss and diversion. Obtaining the necessary registrations may result in delay of the manufacturing or distribution of the Company's products. The DEA conducts periodic inspections of certain registered establishments that handle controlled substances. Failure to maintain compliance could have a material adverse effect on the Company's business, financial condition and results of operations. The DEA may seek civil penalties, refuse to renew necessary registrations, or initiate proceedings to restrict, suspend or revoke those registrations. In certain circumstances, violations could lead to criminal proceedings.

Potential FDA Regulation

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

U.S. regulations relating to hemp-derived CBD products are unclear and rapidly evolving

The Company is a business also involved in the production, distribution or sale of hemp-derived CBD products. Participation in the market for hemp-derived CBD products in the United States and elsewhere may require the Company to employ novel approaches to existing regulatory pathways. Although the passage of the Farm Bill in December 2018 legalized the cultivation of hemp in the United States to produce products containing CBD and other non-THC cannabinoids, it is unclear how the FDA will respond to the approach taken by a target business that the

Company acquires, or whether the FDA will propose or implement new or additional regulations. In addition, such products may be subject to regulation at the state or local levels. Unforeseen regulatory obstacles may hinder the Company's ability to successfully compete in the market for such products.

Possible yet unanticipated changes in federal and state law could cause any of the Company's current products, as well as products that the Company intends to launch, containing hemp-derived CBD oil to be illegal, or could otherwise prohibit, limit or restrict any of the Company's products containing CBD

The 2018 Farm Bill delegates the authority to the states to regulate and limit the production of hemp and hemp derived products within their territories. Although many states have adopted laws and regulations that allow for the production and sale of hemp and hemp derived products under certain circumstances, no assurance can be given that such state laws may not be repealed or amended such that the Company's intended products containing hemp-derived CBD would once again be deemed illegal under the laws of one or more states now permitting such products, which in turn would render such intended products illegal in those states under federal law even if the federal law is unchanged. In the event of either repeal of federal or of state laws and regulations, or of amendments thereto that are adverse to the Company's intended products, the Company may be restricted or limited with respect to those products that it may sell or distribute, which could adversely impact its intended business plan with respect to such intended products.

Additionally, the FDA has indicated its view that certain types of products containing CBD may not be permissible under the FDCA. The FDA's position is related to its approval of Epidiolex, a marijuana-derived prescription medicine to be available in the United States. The active ingredient in Epidiolex is CBD. On December 20, 2018, after the passage of the 2018 Farm Bill, FDA Commissioner Scott Gottlieb issued a statement in which he reiterated the FDA's position that, among other things, the FDA requires a cannabis product (hemp-derived or otherwise) that is marketed with a claim of therapeutic benefit, or with any other disease claim, to be approved by the FDA for its intended use before it may be introduced into interstate commerce and that the FDCA prohibits introducing into interstate commerce food products containing added CBD, and marketing products containing CBD as a dietary supplement, regardless of whether the substances are hemp-derived. Although the Company believes its existing and planned CBD product offerings comply with applicable federal and state laws and regulations, legal proceedings alleging violations of such laws could have a material adverse effect on its business, financial condition and results of operations.

The FDA limits the Company's ability to discuss the medical benefits of CBD

Under FDA rules it is illegal for companies to make "health claims" or claim that a product has a specific medical benefit, without first getting FDA approval for such claim. The FDA has not recognized any medical benefits derived from CBD, which means that the Company is not legally permitted to advertise any health claims related to CBD. Because of the perception among many consumers that CBD is a health/medicinal product, the Company's inability to make health claims about the CBD in its product may limit its ability to market and sell the product to consumers, which would negatively impact the Company's revenues and profits.

Certain states of the United States may limit or prohibit the sale and consumption of CBD and CBD products, notwithstanding the removal of CBD from hemp from the federal schedule of illegal drugs

It is not clear what impact the removal of CBD from hemp from the federal schedule of illegal drugs on the laws of states which independently prohibit CBD from any source, including hemp. Approximately eleven states of the United States either limit or prohibit the sale and consumption of CBD and CBD products. The Company believes that it cannot legally sell its products containing CBD ingredients in those states, until the laws of those states are changed to legalize CBD from hemp, and the Company is deprived of sales revenues from distributors and consumers in those states. Without access to consumers in those states, the Company expect its sales to be less than it might otherwise experience if it were able to legally sell its CBD products in all fifty states of the United States.

Sources of hemp-derived CBD depend upon legality of cultivation, processing, marketing and sales of products derived from those plants under state law

Hemp-derived CBD can only be legally produced in states that have laws and regulations that allow for such production and that comply with the 2018 Farm Bill, apart from state laws legalizing and regulating medical and adult-use cannabis or marijuana, which remains illegal under federal law and regulations. The Company purchases all of our hemp-

derived CBD from licensed growers and processors in states where such production is legal. In the event of repeal or amendment of laws and regulations which are now favorable to the cannabis/hemp industry in such states, the Company would be required to locate new suppliers in states with laws and regulations that qualify under the 2018 Farm Bill. If the Company were to be unsuccessful in arranging new sources of supply of its raw ingredients, or if its raw ingredients were to become legally unavailable, the Company's intended business plan with respect to such products could be adversely impacted.

Because the Company's distributors may only sell and ship its products containing hemp-derived CBD in states that have adopted laws and regulations qualifying under the 2018 Farm Bill, a reduction in the number of states having such qualifying laws and regulations could limit, restrict or otherwise preclude the sale of intended products containing hemp-derived CBD

The interstate shipment of hemp-derived CBD from one state to another is legal only where both states have laws and regulations that allow for the production and sale of such products and that qualify under the 2018 Farm Bill. Therefore, the marketing and sale of the Company's intended products containing hemp-derived CBD is limited by such factors and is restricted to such states. Although the Company believes it may lawfully sell any of its finished products, including those containing CBD, in a majority of states, a repeal or adverse amendment of laws and regulations that are now favorable to the distribution, marketing and sale of finished products it intends to sell could significantly limit, restrict or prevent the Company from generating revenue related to its products that contain hemp-derived CBD. Any such repeal or adverse amendment of now favorable laws and regulations could have an adverse impact on the Company's business plan with respect to such products.

Due to recent expansion into the CBD industry, the Company may have a difficult time obtaining the various insurances that are desired to operate its business, which may expose the Company to additional risk and financial liability.

Insurance that is otherwise readily available, such as general liability, and directors and officers' insurance, may become more difficult for the Company to find, and more expensive, due to its recent launch of certain products containing hemp-derived CBD. There are no guarantees that the Company will be able to find such insurances in the future, or that the cost will be affordable to it. If the Company is forced to go without such insurances, it may prevent the Company from entering into certain business sectors, may inhibit its growth, and may expose the Company to additional risk and financial liabilities.

Risks Related to the Offered Units and GGB's Business

Discretion in the Use of Proceeds

Management will have discretion concerning the use of the proceeds of the Offering as well as the timing of their expenditure. As a result, an investor will be relying on the judgment of management for the application of the proceeds of the Offering. Management may use the net proceeds of the Offering other than as described under the heading "Use of Proceeds" if they believe it would be in the Company's best interest to do so and in ways that an investor may not consider desirable. The results and the effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Company's results of operations may suffer.

No Market for Warrants

There is currently no market through which the Warrants may be sold; however, the Company has applied to list the Warrants on the Exchange. Accordingly, the purchasers may not be able to resell the securities purchased under this Prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation.

Negative Cash Flow from Operations

During the three and nine months ended March 31, 2019, the Company sustained net losses from operations and had negative cash flow from operating activities. The Company's cash and cash equivalents as at March 31, 2019 was approximately \$5,466,451. The Company's cash and cash equivalents as at June 30, 2019 was approximately

US\$10,000,000. Although the Company anticipates it will have positive cash flow from operating activities in future periods, to the extent that the Company has negative cash flow in any future period, certain of the proceeds from the Offering may be used to fund such negative cash flow from operating activities.

Conversions and Potential Future Sales of Common Shares Could Adversely Affect Prevailing Market Prices for the Common Shares

Subject to the restrictions set forth in the articles of GGB, Common Shares may at any time, at the option of the holder, be converted into Proportionate Voting Shares on the basis of 500 Common Shares for one Proportionate Voting Share. Each issued and outstanding Proportionate Voting Share may at any time, at the option of the holder, be converted into 500 Common Shares.

Further, GGB cannot predict the size of future issuances of Common Shares or the effect, if any, that future issuances and sales of Common Shares will have on the market price of the Common Shares. Sales of substantial amounts of Common Shares, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares.

Securing Additional Financing

There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company may require additional financing. There are no assurances that the Proposed Debt Financing will be completed, or if completed, will be on the terms that are exactly the same as disclosed in this Prospectus. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company. See *“Issuers with U.S. Cannabis Related Business — Ability to Access Public and Private Capital”*. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may increase the Company’s debt levels above industry standards. 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 the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may also contain provisions which, if breached, may entitle lenders or their agents to accelerate repayment of loans and/or realize upon security over the assets of the Company, and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing. The Company will require additional financing to fund its operations until positive cash flow is achieved. See *“Risk Factors — Negative Cash Flow from Operations”*.

The Backstop Parties may not fulfill their respective Commitments on the terms currently contemplated, or at all.

While the Backstop Commitment represents a binding commitment of each of the Backstop Parties there can be no guarantee that each of the Backstop Parties will fulfil their respective Commitments on the terms currently contemplated or at all. The Backstop Commitment is also subject to the satisfaction of various conditions and if completed, the issuance of the Backstop Convertible Debentures may have terms, including, but not limited to, the conversion price per Proportionate Voting Share or Common Shares (as the case may be) that are different than the terms currently expected and described in this Prospectus.

Any significant failure or deterioration of GGB’s quality control systems could have a material adverse effect on GGB’s business and operating results.

The quality and safety of GGB’s products are critical to the success of its business and operations. As such, it is imperative that GGB’s quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality training program, and adherence by employees to quality control guidelines. Although GGB strives to ensure that it and any of its service providers have implemented and adhere to high caliber quality control systems, any significant failure or deterioration of such quality control systems could have a material adverse effect on GGB’s business and operating results.

New Tax Legislation

There have been several recent legislative, judicial and administrative changes to the U.S. federal income tax laws, including changes pursuant to the enactment of P.L. 115-97, which is informally titled the “Tax Cuts and Jobs Act,” in December 2017. In many respects, the individual and collective impact of these changes in law on the U.S. federal income taxation of corporations and their shareholders is uncertain and may not become evident for some time. Moreover, additional changes to U.S. federal income tax laws are likely to continue in the future, and any such changes could adversely impact GGB or its shareholders.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about GGB or its business, the Common Share trading price and volume could decline

The trading market for Common Shares will depend in part on the research and reports that securities or industry analysts publish about GGB or its business. If no securities or industry analysts commence covering GGB, the trading price for Common Shares would be negatively impacted. If GGB obtains securities or industry analyst coverage and if one or more of the analysts who cover GGB downgrade Common Shares or publish inaccurate or unfavorable research about GGB’s business, GGB’s trading price may decline. If one or more of these analysts cease coverage of GGB or fail to publish reports on GGB regularly, demand for Common Shares could decrease, which could cause the Common Share trading price and volume to decline.

The Company is, and may be, subject to various litigation claims that could result in significant expenditures and impact the Company’s operations

As a growing company, GGB increasingly faces the risk of litigation and other claims against it. By the nature of the Company’s operations, it is exposed to the potential for a variety of litigation. These claims can raise complex factual and legal issues that are subject to risks and uncertainties and could require significant management time. In particular, the Company’s subsidiary, NOR, is currently intervening in several cases pending in the Eighth Judicial District, Clark County, Nevada. These claims, brought by Serenity Wellness Center LLC and others, challenge the method by which the Department of Taxation in Nevada awarded retail cannabis licenses on December 5, 2018 (the “**Complaint**”). The Complaint seeks relief for, among other things, alleged violations of state- and federal-level due process rights, violations of equal protection rights, and further requests that a writ of mandamus be issued compelling the Department of Taxation to conduct a new review of the plaintiffs’ adult-use dispensary applications on their merits and/or approve them. NOR has also been named as a defendant in another case in the Eighth Judicial District, Clark County, Nevada, which asserts a similar challenge. As of the filing of this Prospectus, a preliminary injunction hearing remains ongoing on the matter. Although the Company has taken the requisite steps to protect its interests in these matters, to include the intervention and active participation in the lawsuit, there can be no assurance of a positive outcome or what relief, if any, the Court may provide in the event of an adverse outcome. The litigation, even in the event of a positive final outcome, may cause delay in the opening of proposed adult-use dispensary locations. While such matters remain ongoing, and have not yet been resolved, the Company’s inability to defend itself against a significant litigation claim, could have a material adverse effect on its financial results. Moreover, any litigation involving the Company, even if it is not held liable, could negatively affect its reputation among customers and the public, thereby making it more difficult for the Company to compete effectively, and could have a material adverse effect on the Company’s financial results. Although the Company maintains liability insurance to mitigate potential claims, it cannot be certain that its coverage will be adequate for liabilities actually incurred or that insurance will continue to be available on economically reasonable terms or at all.

Moratoriums in the State of Nevada could have adverse effect upon the Company’s operations

Moratoriums on additional adult-use dispensaries remain in place in the State of Nevada for Unincorporated Clark County, North Las Vegas, Henderson, and Carson City. Such moratoriums could negatively affect the Company’s ability to open its proposed adult-use dispensary locations on or before the state-implemented deadline of December 5, 2019. The Company is engaged at the local and state level to protect its interests, however, there can be no assurance that the Company will be successful in its lobbying efforts related to these moratoriums, or that the subject localities (or the State of Nevada) will provide relief from the pending December 5, 2019 deadline for dispensaries to be operative.

The moratoriums or lack of such relief to be provided by the subject localities (or the State of Nevada) could have a material adverse effect on the Company's operations.

Use of Customer Information and Other Personal and Confidential Information

GGB collects, process, maintains and uses data, including sensitive information on individuals, available to GGB through online activities and other customer interactions with its business. GGB's current and future programs may depend on its ability to collect, maintain and use this information, and its ability to do so is subject to evolving international, U.S. and Canadian laws and enforcement trends. GGB strives to comply with all applicable laws and other legal obligations relating to privacy, data protection and customer protection. It is possible, however, that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another, conflict with other rules, conflict with GGB's practices or fail to be observed by its employees or business partners. If so, GGB may suffer damage to its reputation and be subject to proceedings or actions against it by governmental entities or others. Any such proceeding or action could hurt GGB's reputation, force it to spend significant amounts to defend its practices, distract its management or otherwise have an adverse effect on its business.

The Market Price of the Common Shares may be Highly Volatile

Market prices for cannabis companies have at times been volatile and subject to substantial fluctuations. The stock market, from time-to-time, experiences significant price and volume fluctuations unrelated to the operating performance of particular companies. Future announcements concerning GGB or its competitors, including those pertaining to financing arrangements, government regulations, developments concerning regulatory actions affecting GGB, litigation, additions or departures of key personnel, cash flow, and economic conditions and political factors in the United States may have a significant impact on the market price of the Common Shares. In addition, there can be no assurance that the Common Shares will continue to be listed on the CSE.

The market price of the Common Shares could fluctuate significantly for many other reasons, including for reasons unrelated to GGB's specific performance, such as reports by industry analysts, investor perceptions, or negative announcements by its subscribers, competitors or suppliers regarding their own performance, as well as general economic and industry conditions. For example, to the extent that other large companies within its industry experience declines in their stock price, the share price of the Common Shares may decline as well. In addition, when the market price of a company's shares drops significantly, shareholders often institute securities class action lawsuits against the company. A lawsuit against GGB could cause it to incur substantial costs and could divert the time and attention of its management and other resources.

Sales of a Substantial Number of the Common Shares may Cause the Price of the Common Shares to Decline

Any sales of substantial numbers of the Common Shares in the public market or the exercise of significant amounts of the Common Share warrants or the perception that such sales or exercise might occur may cause the market price of the Common Shares to decline. The market price of the Common Shares could be adversely affected upon the expiration of lock up periods applicable to certain GGB shareholders.

Further Equity Financing May Dilute the Interests of GGB Shareholders and Depress the Price of the Common Shares

If GGB raises additional financing through the issuance of equity securities (including securities convertible or exchangeable into equity securities) or completes an acquisition or merger by issuing additional equity securities, such issuance may substantially dilute the interests of shareholders of GGB and reduce the value of their investment. The articles of GGB permit the issuance of an unlimited number of Common Shares, and GGB shareholders will have no pre-emptive rights in connection with a future issuance. The Board has the discretion to determine the price and the terms of issue of future issuances. Moreover, additional Common Shares may be issued by GGB on the exercise of awards under any of GGB's equity incentive plans and upon the exercise of outstanding Common Share warrants. The market price of the Common Shares could decline as a result of issuances of new shares or sales by shareholders of Common Shares in the market or the perception that such sales could occur. Sales by shareholders of GGB might also make it more difficult for GGB itself to sell equity securities at a time and price that it deems appropriate.

GGB may lose Foreign Private Issuer Status in the Future, which could Result in Significant Additional Costs and Expenses

The Proportionate Voting Shares are being issued to meet the definition of “foreign private issuer,” as such term is defined in Rule 405 of Regulation C under the U.S. Securities Act. GGB will be a “foreign private issuer,” and will not be subject to the same requirements that are imposed upon U.S. domestic issuers by the Securities and Exchange Commission (“SEC”). GGB may in the future lose its foreign private issuer status if a majority of its Common Shares are held in the U.S. and it fails to meet the additional requirements necessary to avoid loss of foreign private issuer status, such as if: (1) a majority of its directors or executive officers are U.S. citizens or residents; (2) a majority of its assets are located in the U.S.; or (3) its business is administered principally in the U.S.

If GGB loses its foreign private issuer status and decides, or is required, to register as a U.S. domestic issuer, the regulatory and compliance costs will be significantly more than the costs incurred as a Canadian foreign private issuer. In such event, GGB would not be eligible to use foreign issuer forms and would be required to file periodic and current reports and registration statements on U.S. domestic issuer forms with the SEC, which are generally more detailed and extensive than the forms available to a foreign private issuer.

Certain Remedies may be Limited

GGB’s governing documents may provide that the liability of its members of the Board and its officers is limited to the fullest extent permitted under the laws of the Province of Ontario. Thus, GGB and its shareholders may be prevented from recovering damages for certain alleged errors or omissions made by the members of the Board and its officers. GGB’s governing documents may also provide that GGB will, to the fullest extent permitted by law, indemnify members of its Board and its officers for certain liabilities incurred by them by virtue of their acts on behalf of GGB.

Past Performance Not Indicative of Future Results

The prior operational performance of GGB is not indicative of any potential future operating results of GGB. There can be no assurance that the historical operating results achieved by GGB or its affiliates will be achieved by GGB, and GGB’s performance may be materially different.

Financial Projections May Prove Materially Inaccurate or Incorrect

Any of GGB’s financial estimates, projections and other forward-looking information or statements included herein were prepared by GGB without the benefit of reliable historical industry information or other information customarily used in preparing such estimates, projections and other forward-looking information or statements. Such forward-looking information or statements are based on assumptions of future events that may or may not occur, which assumptions may not be disclosed herein. Investors should inquire of GGB and become familiar with the assumptions underlying any estimates, projections or other forward-looking information or statements. Projections are inherently subject to varying degrees of uncertainty and their achievability depends on the timing and probability of a complex series of future events. There is no assurance that the assumptions upon which these projections are based will be realized. Actual results may differ materially from projected results for a number of reasons including increases in operation expenses, changes or shifts in regulatory rules, undiscovered and unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, investors should not rely on any projections to indicate the actual results GGB might achieve.

MATERIAL CONTRACTS

The following are the only material contracts of the Company or its subsidiaries, other than contracts entered into in the ordinary course of business: (i) the Moxie Agreement; (ii) the Underwriting Agreement; (iii) the Warrant Indenture; and (iv) the licenses set forth under “Regulatory Overview”. Material leases of the Company and its subsidiaries include leases pertaining to (i) the Company’s corporate head office located at 4300 East Fifth Ave., Columbus, Ohio 43219; (ii) the operation of the The+Source dispensary location at 2550 S Rainbow Blvd, Las Vegas, Nevada 89146; (iii) NOR’s corporate head office located at 2015 E Windmill Lane, Las Vegas, Nevada 89123; (iv) a production and cultivation site located at 3705 E Post Rd., Las Vegas, Nevada 89120-7201; (v) a proposed temporary dispensary located at 5270 Longley Lane, Suite 103, Reno, Nevada 89511; (vi) a proposed permanent dispensary located at 5210 Longley Lane,

Reno, Nevada 89511; (vii) a proposed dispensary located at 2370 S. Homestead Rd., Pahrump, Nevada 89048; (viii) a proposed dispensary located at 1725 S. Rainbow Blvd., Suite 21, Las Vegas, Nevada 89146; (ix) a proposed dispensary located at 7085 W. Craig Rd, Las Vegas, Nevada 89129; and (x) a proposed dispensary located at 58 Pleasant St., Northampton, Massachusetts 01060.

LEGAL MATTERS AND INTEREST OF EXPERTS

MNP LLP, Chartered Professional Accountants, is the auditor of the Company and performed the audit in respect of the audited financial statements of the Company as at and for the year ended June 30, 2018.

Macias Gini & O'Connell LLP, Certified Public Accountants, performed the audit in respect of (i) the audited combined financial statements of Moxie and affiliates as at and for the year ended December 31, 2018 and (ii) the audited consolidated financial statements of NOR as at and for the year ended June 30, 2018 and 2017. Macias Gini & O'Connell LLP, Certified Public Accountants, was, at the time of its audit and report for the year ended December 31, 2018, independent of Moxie in accordance with the United States Public Company Accounting Oversight Board. Macias Gini & O'Connell LLP, Certified Public Accountants, was, at the time of its audit and report for the year ended June 30, 2018, independent of NOR in accordance with the United States Generally Accepted Accounting Principles.

There is no person or company whose profession or business gives authority to a report, valuation, statement or opinion made by such person or company and who is named as having prepared or certified a report, valuation, statement or opinion in this Prospectus other than Stikeman Elliott LLP, DLA Piper (Canada) LLP, MNP LLP and Macias Gini & O'Connell LLP.

Legal matters in connection with the Offering of Offered Units under "Canadian Federal Income Tax Considerations" and "Eligibility for Investment" as well as certain other legal matters relating to the issue and sale of the Offered Units will be passed upon on behalf of the Company by Stikeman Elliott LLP and on behalf of the Underwriter by DLA Piper (Canada) LLP. As of the date of this Prospectus, the partners and associates of: (a) Stikeman Elliott LLP, as a group, (b) DLA Piper (Canada) LLP, as a group, (c) MNP LLP, as a group and (d) Macias Gini & O'Connell LLP, as a group, each beneficially owned, directly or indirectly, less than 1% of the outstanding Common Shares.

AUDITOR, TRANSFER AGENT AND REGISTRAR

MNP LLP is the independent auditor of the Company and is independent within the meaning of the Code of Ethics of the Chartered Professional Accountants of Quebec.

The registrar and transfer agent for the Common Shares is Capital Transfer Agency, ULC at its offices at 390 Bay Street, Suite 920, Toronto, ON M5H 2Y2.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

FINANCIAL STATEMENT INDEX

Audited Combined Financial Statements of MXY Holdings LLC and Affiliates as of and for the years ended December 31, 2018 (audited) and 2017 (unaudited), together with the auditor’s report thereon and the notes thereto..... F-1

Unaudited Interim Combined Financial Statements of MXY Holdings LLC and Affiliates as of and for the quarter ended March 31, 2019 and 2018, together with the notes thereto.....F-31

Pro Forma Consolidated Financial statements of the Company as of and for the quarter ended March 31, 2019..... F-58

MXV HOLDINGS LLC AND AFFILIATES

Combined Financial Statements

As of and for the Years Ended
December 31, 2018 (audited)
and December 31, 2017 (unaudited)



Certified
Public
Accountants

MXY HOLDINGS LLC AND AFFILIATES
Combined Financial Statements
Year Ended December 31, 2018 and 2019

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Independent Auditor's Report

Members' and Board of Directors
MXY Holdings, LLC and Affiliates.
Long Beach, California

Opinion on the Combined Financial Statements

We have audited the accompanying combined balance sheet of MXY Holdings, LLC and Affiliates (the "Company") as of December 31, 2018, the related combined statements of operations, changes in members' equity, and cash flows for the year then ended and the related notes (collectively referred to as the "combined financial statements"). In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018, and the results of their operations and their cash flows for each of the year ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1 and 2, the Company has completed a roll up of the Affiliates subsequent to December 31, 2018 but prior to issuance, resulting in the financial statements as of December 31, 2018 being reported on a combined basis of the related entities. See Notes 1 and 2 for further discussion on basis of accounting.

Change in Accounting Principles

As discussed in Note 2 to the combined financial statements, the Company has changed its accounting method for recognizing revenue from contracts with customers in fiscal year 2018 due to the adoption of Topic 606, Revenue from Contracts with Customers.

As discussed in Note 2 to the combined financial statements, the Company has changed its accounting method for leases in fiscal year 2018 due to the adoption of Topic 842, Leases.

Basis for Opinion

These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's combined financial statements based on our audit. We are a public accounting firm registered with the 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 audit 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 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 audit 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 opinion.

Our audit included performing procedures to assess the risks of material misstatement of the 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 financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

A handwritten signature in black ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, flowing style.

Macias Gini & O'Connell
We have served as the Company's auditor since 2019
Newport Beach, CA
July 16, 2019

MXY HOLDINGS AND AFFILIATES LLC
Combined Balance Sheets
As of December 31, 2018 (audited) and 2017 (unaudited)

		2018	2017
		(Audited)	(Unaudited)
ASSETS			
Current Assets:			
Cash and Cash Equivalents		\$ 1,637,334	\$ 82,923
Restricted Cash		191,331	-
Accounts Receivable, Net	<i>Notes 2,11</i>	510,814	-
Inventory	<i>Notes 2,4</i>	2,524,825	34,891
Prepaid Expenses and Other Current Assets		295,777	121,560
Total Current Assets		5,160,080	239,374
Property and Equipment, Net	<i>Note 7</i>	4,098,956	939,799
Construction in Progress	<i>Note 5</i>	1,164,365	-
Investments in Joint Ventures	<i>Note 6</i>	635,195	426,167
Right-of-Use Assets		585,017	611,299
Deferred Tax Asset	<i>Note 12</i>	107,608	-
Other Assets		60,282	-
Total Non-current Assets		6,651,423	1,977,265
TOTAL ASSETS		\$ 11,811,504	\$ 2,216,639
LIABILITIES AND MEMBERS' EQUITY			
Current Liabilities:			
Accounts Payable		\$ 1,091,163	\$ -
Accrued Liabilities	<i>Note 11</i>	2,804,390	17,592
Operating Lease Liability	<i>Note 10</i>	175,959	141,373
Notes Payable	<i>Note 8</i>	184,036	-
Convertible Notes Payable	<i>Note 8</i>	7,209,425	-
Total Current Liabilities		11,464,973	158,965
Long-Term Liabilities:			
Operating Lease Liability, net of current	<i>Note 10</i>	499,864	573,492
Deferred Revenue	<i>Note 11</i>	561,538	576,923
Other Liability		10,848	90,767
Total Long-Term Liabilities		1,072,251	1,241,182
TOTAL LIABILITIES		12,537,224	1,400,147
MEMBERS' (DEFICIT) EQUITY		(725,720)	816,493
TOTAL LIABILITIES AND MEMBERS' EQUITY		\$ 11,811,504	\$ 2,216,639

MXV HOLDINGS AND AFFILIATES LLC
Combined Statements of Operations and Changes in Members' Equity
For the Year Ended December 31, 2018 (audited) and 2017 (unaudited)

		2018	2017
		(Audited)	(Unaudited)
Revenues	<i>Notes 2,11</i>	\$ 5,534,034	\$ 514,102
Cost of Goods Sold		<u>2,661,957</u>	<u>-</u>
Gross Profit		2,872,077	514,102
Operating Expenses:			
General and Administrative	<i>Note 2</i>	3,790,397	1,250,161
Sales and Marketing	<i>Note 2</i>	592,228	114,181
Depreciation	<i>Note 7</i>	<u>222,680</u>	<u>295,328</u>
Total Operating Expenses		<u>4,605,306</u>	<u>1,659,670</u>
Loss from Operations		(1,733,229)	(1,145,568)
Other Income (Expense):			
Interest (Expense), Net		(546,048)	(8,576)
Income from Equity in Joint Ventures	<i>Note 6</i>	207,311	(173,833)
Other Income		<u>219,653</u>	<u>27</u>
Total Other Income (Expense)		<u>(119,084)</u>	<u>(182,382)</u>
Loss Before Provision for Income Tax		(1,852,314)	(1,327,950)
Provision for Income Tax		<u>(233,839)</u>	<u>-</u>
Net Loss		<u>\$ (2,086,153)</u>	<u>\$ (1,327,950)</u>
Members' Equity (Deficit) - as of January 1, 2017 (unaudited)		\$ 2,447,273	
Net Loss		(1,327,950)	
Contributions		97,170	
Distributions		(400,000)	
Members' Equity (Deficit) - as of December 31, 2017 (unaudited)		\$ 816,493	
Net Loss		(2,086,153)	
Contributions		543,940	
Members' Equity (Deficit) - as of December 31, 2018		\$ (725,720)	

MXY HOLDINGS AND AFFILIATES LLC
Combined Statements of Cash Flows
For the Year Ended December 31, 2018 (audited) and 2017 (unaudited)

	2018 (Audited)	2017 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (2,086,153)	\$ (1,327,950)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities		
Activities:		
Depreciation	222,680	295,328
Investments Earnings from Joint Ventures	(207,310)	(426,167)
Deferred Revenue	(15,385)	592,308
Loss on Sale of Equipment	21,853	55,578
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(510,813)	-
Receivable from unconsolidated affiliate	-	2,102,923
Inventory	(2,457,154)	7,609
Other Current Assets	(174,217)	-
Deferred Tax Asset	(107,608)	-
Right-of-Use Asset	151,787	52,113
Accounts Payable	1,091,163	-
Accrued Liabilities	2,786,799	(195,900)
Accrued Interest - Lease Liabilities	16,679	6,880
Accrued Interest - Notes Payable	210,075	-
Other Assets	(60,282)	(58,959)
NET CASH USED IN OPERATING ACTIVITIES	(1,117,885)	1,103,763
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	(12,158)	(652,316)
Expenditures for Construction in Progress (CIP)	(1,151,168)	-
Tenant Improvement Upgrades	-	(41,172)
Proceeds from Sale of Property and Equipment	14,003	-
NET CASH USED IN INVESTING ACTIVITIES	(1,149,323)	(693,488)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Convertible Short Term Debt issued June 2018	1,688,170	-
Proceeds from Convertible Short Term Debt issued Oct 2018	2,912,500	-
Proceeds from TI Building Financing	-	-
Principal payments on Lease Liabilities	(181,227)	(38,451)
Principal Payments on Other Long Term Debt	(379,114)	(9,233)
Principal Payments on Other Short Term Debt	(79,919)	-
Contributions from members	52,540	97,170
Distributions to members	-	(400,000)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	4,012,951	(350,515)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,745,743	59,760
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	82,923	23,163
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,828,665	\$ 82,923
<u>Supplemental information:</u>		
1 Interest Paid on Short-Term Convertible Debt	\$ 296,410	\$ -
2 Interest Paid on other Short-Term Debt	18,752	-
<u>Non-cash transactions:</u>		
1 Proceeds from Convertible Debt used towards purchase of Real Estate	\$ 2,961,830	\$ -
2 Purchase of Real Estate	(2,961,830)	-
3 Proceeds from Convertible Debt raised June 2018 used to extinguish prior convertible debt P&I	3,300,000	-
4 Payoff of prior convertible debt principal	(3,000,000)	-
5 Payoff of prior convertible debt interest and fees	(300,000)	-
6 Commencement of Operating Leases	125,505	663,412
7 Contributions of equipment and inventory	491,400	-
8 Proceeds from Financing of Tenant Improvements	-	183,025

MXY HOLDINGS LLC AND AFFILIATES

Notes to the Combined Financial Statements

For the Year Ended December 31, 2018

1. NATURE OF OPERATIONS

MXY Holdings and affiliates (the “Company” or “MXY”) are vertically integrated medicinal and recreational cannabis companies based in Long Beach, California holding three California cannabis licenses: production, distribution, and non-storefront retail. Through its California operations, the Company produces high quality medicinal and recreational products, which are sold wholesale to various dispensaries, and retail directly to consumers through its own delivery drivers. The Company offers two well-known brands, Moxie and MX, which are sold through dispensaries in California, Nevada, and Pennsylvania. The Company differentiates itself through the consistent high quality of its brand, availability, and scope of product offering. The combined companies are as follows:

Legal Entity	Business Operations	Year Business Started	State of Domicile
MXY Holdings LLC (“MXY”)	Management company	2018	DE
Pure CA LLC (“PCA”)	California Manufacturer and Distributor	2018	CA
2990 MLK Jr LLC (“2990”)	California Real Estate Lessor	2018	NV
California Leasing & Consulting LLC (“CLC”)	California equipment lessor	2018	CA
Patrick Clio Equipment, LLC (“PCE”)	California equipment lessor	2015	CA
Seven Ten Holdings, LLC (“STH”)	IP Brand Holder	2015	NV
Seven Ten Management, LLC (“STM”)	Nevada consulting company	2015	NV
Violet Holdings, LLC (“VH”)	New Jersey product advisor	2018	NJ

MXY Holdings, LLC through contribution agreements has the right to acquire 100% of Pure CA, LLC, conditional on final regulatory approval, which is anticipated to settle in Q3’2019.

In 2015, the four Founders of the Moxie brand setup three companies (Patrick Clio LLC, Seven Ten Holdings LLC, and Seven Ten Management LLC) to support the processing and sales of high-quality cannabis products for medicinal purposes. In 2018, California legalized cannabis for both medicinal and recreational purposes, and with that change in legal status of cannabis products, the Founders setup MXY Holdings LLC and commenced operations at its California affiliated companies (2990 MLK Jr LLC, California Leasing & Consulting LLC, Pure CA LLC) for the purposes of processing and distributing cannabis products statewide. All affiliates shared some common owners relying upon each other for service and support, including equipment and real estate leasing.

In the state of Nevada, the Moxie founders, through Seven Ten Management LLC, have worked through locally licensed partners during both 2017 and 2018, where the Company had influence on marketing policy, employee selection/management, and oversight on the use of its brand.

The Moxie founders partnered with local operators in the state of Pennsylvania to develop facilities there in 2017, with cultivation, processing and distribution operations functioning in that state by mid-2018. The Company’s investment in the Pennsylvania operations was held through its individual investors through 2018, the interest of which were eventually rolled up to MXY Holdings by Q2’2019. See Note 13.

Prior to 2018, the companies lacking access to capital market, financed their operations through careful management of operational cash flows. At the start of 2018, the Company acquired the property held by 2990 MLK Jr LLC financed by a loan from an investor to be used for its California operations. Subsequent to that property acquisition in June 2018, the Company used convertible debt to buy out an existing investor and pay off the loan collateralized by real estate and other principal assets. While significant efforts were engaged for a legal reorganization to create a consolidated group, that process was not completed until April 2019. See Note 13.

MXV HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Non-Controlling Interest

Non-controlling interest represents the portion of equity (net assets) in an entity not attributable, directly or indirectly, to a parent. A non-controlling interest is sometimes called a minority interest and is immaterial at December 31, 2018.

Basis of Preparation

The combined financial statements of the Company at December 31, 2018 and for the year then ended have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The combined unaudited balance sheet as of December 31, 2017 and the related unaudited combined statements of operations, changes in members' equity and of cash flows for the year ended December 31, 2017, which are presented for the comparative purposes, have been prepared by management in accordance with US GAAP.

Basis of Combination

The accompanying combined financial statements include entities which are controlled either through common control or common management. Common control exists when the same group of shareholders and/or Board members have the power, directly or indirectly, to govern the financial operating policies of multiple entities and to expose them to the variable returns from their activities. Common management exists when entities operate under the terms of management service agreements that empower the same group of people or entities to directly or indirectly govern the financial and operating policies of multiple entities and to expose them to variable returns from their activities.

Use of Estimates

Management uses estimates and assumptions in preparing its combined financial statements in accordance with US GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash deposits in financial institutions and other deposits that are readily convertible into cash.

The Company places its cash both with high quality financial institutions and in a private vault and may be redeemed upon demand. The Federal Deposit Insurance Corporation ("FDIC") provides coverage of at least \$250,000 available to depositors under the FDIC's general deposit insurance rules. From time to time the Company has account balances with its financial institutions that are in excess of the insured amounts given the industry limited access to banking, and, therefore, those excess account balances are uninsured. At December 31, 2018 and December 31, 2017, cash balances in excess of the FDIC insurance limit were approximately \$898k and \$0, respectively.

MXV HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash that is restricted as to withdrawal or use under the terms of certain contractual agreements are recorded in Restricted Cash on the combined balance sheet. Restricted cash at December 31, 2018 related to certain debt instruments which required the Company to restrict certain cash amounts to be used for principal and interest payments pursuant to the debt agreement (See Note 8).

Restricted Cash in Statement of Cash Flows

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The accounting standard update became effective January 1, 2018 using a retrospective transition method for each period presented. Upon adoption, ASU 2016-18 has resulted in a change in the presentation of restricted cash in the statement of cash flows for current and prior periods presented.

Accounts Receivable

Accounts Receivable are stated at an amount management expects to collect from outstanding balances. The Company recognizes an outstanding receivable when its products are delivered to its customers and risk of product loss is transferred. Payment terms have traditionally been Cash on Delivery (COD), but the evolution of the industry standards has resulted in an increased number of customers which are granted payment terms, ranging from net 7 days to net 30 days, based on the credit worthiness of the customer and other business factors. Management records an allowance for doubtful accounts based on its assessment of the current status of individual accounts. At December 31, 2018, the allowance for doubtful accounts was approximately \$85k.

Concentration Risk

Pure CA LLC, the main California operating entity of the Company, did not have customers which generated concentration more than 10% of revenue for the year ended December 31, 2018 and December 31, 2017. The Company had one vendor comprising 14% respectively, of total combined 2018 Costs of Goods Sold, Construction in Progress and Operating costs.

Inventory

Inventory includes cannabis and cannabis-related products and is valued at the lower of cost and net realizable value. Cost is determined using the standard cost method for production and retail inventory, and standards approximate actual cost. Net realizable value is determined as the estimated selling price in the ordinary course of business less estimated costs to sell. Packaging and supplies are initially valued at cost. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventory is written down to net realizable value. As of December 31, 2018 and December 31, 2017, the Company determined that no reserves were necessary and no write offs were recorded.

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Right-of-use Asset / Lease Liability

The Company adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-02 “Leases (Topic 842)” during the 3rd quarter of 2017 upon the execution of the lease for its California office headquarters. The Company leases are first evaluated to determine whether they are classified as a finance lease or as an operating lease. A lease is a finance lease if any of the following criteria are met: (a) ownership transfers, (b) the lease includes an option to purchase the underlying asset, (c) the lease term is for the major part of the remaining economic life of the underlying asset, (d) the present value of the lease payments equals or exceeds the fair value of the underlying asset, or (e) the underlying asset is of a specialized nature that is expected to have no alternative use to the lessor at the end of the lease term. All of the Company’s leases are classified as operating leases. Operating leases are considered short-term commitments if the lease term is 12 months or less and does not include a purchase option whose exercise is reasonably certain. If this short-term exemption applies, the lease payments are recognized as expense and no asset or liability is recorded. If the short-term exemption does not apply, the Company records an operating lease right-of-use asset and a corresponding operating lease liability equal to the present value of the lease payments. All of the Company’s leases prior to the 3rd quarter of 2017 met the short-term exemption and, accordingly, modification to prior period results was not required. The Company’s original commercial office lease was amended to include a second space in February 2018 and as it did not meet the short-term exemption, the present value of the lease payments was recorded as a right-of-use asset with a corresponding lease liability in the combined balance sheet. Rent expense is recognized on a straight-line basis over the life of the lease.

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method using the following methods and estimated useful lives:

<u>Category</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Manufacturing Equipment	Depreciated Over the Estimated Useful Life of the Asset	5-7 years
Leasehold Improvements	Amortized Over the Life of the Lease or the Estimated Useful Life of the Improvement, whichever is Less	10 Years
Furniture and Fixtures	Depreciated Over the Estimated Useful Life of the Asset	5 Years
Building	Depreciated Over the Estimated Useful Life of the Asset	40 Years
Automobiles	Depreciated Over the Estimated Useful Life of the Asset	3 Years
Software	Depreciated Over the Estimated Useful Life of the Asset	3 Years

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate. No adjustments were deemed necessary at December 31, 2018. An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the Statement of Operations and Changes in Members' Equity in the year the asset is derecognized.

Repairs and maintenance that do not improve efficiency or extend economic life are charged to expense as incurred. Total repairs and maintenance for the year-ended December 31, 2018 was approximately \$54k.

Capitalized Interest

The Company does not finance Construction in Progress. Accordingly, no interest expense is capitalized.

Impairment of Long-Lived Assets

Long-lived assets such as property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, but no less frequently than annually. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest charges) expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. There were no impairments recorded during the years ended December 31, 2018 and December 31, 2017.

Management is required to apply judgment in estimating future cash flows as well as asset fair values, including forecasting useful lives of the assets, assessing the probability of different outcomes, and selecting the discount rate that reflects the risk inherent in future cash flows. If the carrying value is not recoverable, the Company assesses the fair value of long-lived assets using commonly accepted techniques, and may use more than one method, including, but not limited to, recent third-party comparable sales and discounted cash flow models. If actual results are not consistent with assumptions and estimates, or if assumptions and estimates change due to new information, the Company may be exposed to an impairment charge in the future.

Investment in Business Venture

The Company accounts for investments in entities for which it is able to exercise influence over, but do not control, the investee, and are not the primary beneficiary of the investee's activities. The Company's portion of an equity method investee's net income or loss is included in other income (loss) in the combined statement of operations. In the event that the cost basis in an investment exceeds the fair value of the underlying business, the Company records an impairment charge to reduce the carrying value to the estimated fair value. See Note 6.

MXV HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company and most of its affiliates are limited liability companies that have elected to be treated as a partnership for federal income tax purposes. The production affiliate has elected to be treated as a C-corporation. Under federal law, the taxable income or loss of a partnership is allocated to its members.

A C-Corporation, on the other hand it taxed on its taxable income, which for federal basis has 280E limitation, causing a tax assessment on essentially Gross Profit prohibiting the deduction of indirect (non-production) expenses. For state purposes, indirect expenses are permitted deductions.

FASB ASC Topic No. 740, "Accounting for Uncertainty in Income Taxes" ("ASC 740"), clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on de-recognition of tax benefits, classification on the combined balance sheet, interest and penalties, accounting in interim periods, disclosure and transition. The Company did not recognize any tax benefits from uncertain tax positions during the years ended December 31, 2018 and December 31, 2017.

As the Company operates in the cannabis industry, it is subject to the limits of Internal Revenue Code (IRC) Section 280E under which the Company is only allowed to deduct expenses directly related to the cost of sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E.

Revenue Recognition

In accordance with ASC 606, revenue is recognized at both Pure CA LLC and Seven Ten Management LLC when a company satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A contract, whether a verbal or written sales order, is established with customers prior to order fulfillment with agreement upon unit prices, delivery dates, and payment terms. The transaction price is based on market pricing while considering the value of the Moxie brand and quality.

The transaction price is allocated to each product sold based upon the negotiated unit sales price associated with each product line scheduled for delivery within the order. Satisfaction of our performance obligation occurs upon delivery to the customer's premises, the point of when risk of losses passes onto the customer. For entities other than Pure CA, LLC, revenue is recognized entirely between the combined affiliates and is eliminated in the combined financial statements.

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Legal Entity	Performance Obligation	Written Contract	Transaction Price
MXY Holdings LLC	Management Services	Management services contract	Contractually specified
2990 MLK Jr LLC	Real property lease	Lease Contract	Contractually specified
California Leasing & Consulting LLC	Equipment lease	Lease Contract	Contractually specified
Patrick Clio Equipment, LLC	Equipment lease	Lease Contract	Contractually specified
Seven Ten Holdings, LLC	IP brand license	License Contract	Contractually specified

The Company enters into exclusive distributor and license agreements through Seven Ten Holdings, LLC that are within the scope of ASC Topic 606. The license agreements generate royalties based the negotiated value of the brand IP over a 39-year period, subject to extension. Since the consideration for the initial license fee is for the right to sell the licensed product in the respective territory with no other required conditions to be met, revenue is recognized ratably over the term of the license agreement. For the year ended 2018, the Company recognized approximately \$15k of license revenue from a related party.

Cost of Goods Sold

Cost of goods sold (COGS) includes the costs directly attributable to the production of finished goods including raw materials, packaging costs, production labor, and applied overhead. The unit costs of COGS are estimated using standard costing, the basis of which is evaluated at least quarterly, or when there are material changes in the underlying manufacturing costs.

Shipping and Handling

Payments by customers for shipping and handling costs are included in revenue on the combined statements of operations. These costs are included in cost of goods sold. Shipping and handling for inventory is included as a component of inventory in the combined balance sheets, and in COGS in the combined statements of operations when the product is sold.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivables, purchase options, accounts payables and accrued liabilities, and notes payable. The carrying values of these financial instruments approximate their fair values as of December 31, 2018, respectively.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

MXV HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

There have been no transfers between fair value levels during the year.

The carrying value of financial assets and liabilities recorded at fair value is measured on a recurring or nonrecurring basis. Financial assets and liabilities measured on a non-recurring basis are those that are adjusted to fair value when a significant event occurs. The Company had no financial assets or liabilities carried and measured on a nonrecurring basis during the reporting periods. Financial assets and liabilities measured on a recurring basis are those that are adjusted to fair value each time a financial statement is prepared. The Company had no financial assets or liabilities carried and measured on a recurring basis during the reporting periods. The carrying value of short-term financial instruments, including cash and cash equivalents, accounts receivable, purchase options, accounts payable and accrued expenses, and short-term borrowings approximate fair value due to the relatively short period to maturity for these instruments. The long-term borrowings approximate fair value since the related rates of interest approximates current market rates.

Related Parties

A party is considered to be related to the Company if the party directly or indirectly or through one or more intermediaries, controls, is controlled by, or is under common control. Related parties also include principal owners, management, members of the immediate families of principal owners and management and other parties if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. A party which can significantly influence the management or operating policies of the transacting parties, or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests, is also a related party.

Debt with Equity-linked Features

The Company may issue debt that has embedded conversion features. When applicable, the Company must first assess whether the conversion feature meets the requirements to be treated as a derivative. If the conversion feature within convertible debt meets this requirement the fair value of the convertible debt derivative is estimated using a Binomial Model, using the value on the date of issuance, the risk-free interest rate associated with the life of the debt, and the estimated volatility of the Company's member units. If the conversion feature is not treated as a derivative, it may be a beneficial conversion feature ("BCF"). A BCF exists if the conversion price of the convertible debt instrument is less than the member units on the commitment date. This typically occurs when the conversion price is less than the fair value of the units on the date the instrument was issued. The value of a BCF is equal to the intrinsic value of the feature, the difference between the conversion price and the Members' equity into which it is convertible. In accordance with ASC 470 (Debt) and ASC 505 (Equity), the Company performed such analysis for its convertible notes and determined that such notes are contingently convertible and, accordingly the embedded conversion feature shall not be recognized until the contingencies are resolved (see Note 8).

MXV HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative Liabilities

The Company evaluates convertible debt features or other contracts to determine if those contracts or embedded components qualify as derivatives to be separately accounted for under the relevant sections of ASC Topic 815-40, Derivative Instruments and Hedging: Contracts in Entity's Own Equity. This accounting treatment could result in the classification of the fair value of a financial instrument as a derivative instrument and is marked-to-market at each combined balance sheet date and recorded as a liability. In this event, the change in fair value is recorded in the combined statement of operations as other income or other expense. Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. Financial instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815-40 are reclassified to a liability account at the fair value of the instrument on the reclassification date. The Company determined that the embedded conversion feature of the convertible debts meets the definition of a derivative but as the conversion features are contingent (see above), such derivatives are not recognized until such contingencies are resolved.

Debt Extinguishment

Any gain or loss associated with debt extinguishment is recorded in the combined statements of operations in the period in which the debt is considered extinguished. Third party fees incurred in connection with a debt restructuring accounted for as an extinguishment are capitalized. Fees paid to third parties associated with a term debt restructuring accounted for as a modification are expensed as incurred.

Share-Based Payments

The Company issues profit interest units to its employees which are measured at their estimated fair market value on date of grant based on the estimated price of a unit of profit interest. Historical data and other relevant factors are used to estimate the fair market value. As of December 31, 2018, the Company estimated the fair market value of a profit interest unit to be de minimus. The estimated fair market value of the profit interest units granted is recognized over their vesting periods. Management evaluated the profit interest units for debt versus equity classification and determined such units are to be classified as equity.

Sales & Marketing Expense

Advertising, promotional and selling expenses consisted of sales and marketing expenses, and promotional activity expenses. Sales and Marketing expenses mostly relate to event sponsorships and travel/lodging associated with marketing initiatives. Expenses are recognized when incurred and for the years ended December 31, 2018 and December 31, 2017, sales and marketing expenses totaled \$592k and \$114k, respectively.

General and Administrative Expense

General and administrative expenses consisted of professional service fees, rent and utility expenses, meals, travel and entertainment expenses, and other general and administrative overhead costs. Expenses are recognized when incurred and for the years ended December 31, 2018 and December 31, 2017, general and administrative expenses totaled \$3.79M and \$1.25M, respectively.

MXV HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently issued Accounting Pronouncements

FASB ASU 2018-07 - “Compensation – Stock Compensation (Topic 718)” - In June 2018, the FASB issued ASU 2018-07. This update is intended to reduce cost and complexity and to improve financial reporting for share-based payments issued to non-employees (for example, service providers, external legal counsel, suppliers, etc.). The ASU expands the scope of Topic 718, Compensation—Stock Compensation, which currently only includes share-based payments issued to employees, to also include share-based payments issued to non-employees for goods and services. Consequently, the accounting for share-based payments to non-employees and employees will be substantially aligned. This standard will be effective for financial statements issued by public companies for the annual and interim periods beginning after December 15, 2018. Early adoption of the standard is permitted. The standard will be applied in a retrospective approach for each period presented. Management does not currently expect this ASU to have a significant impact on the combined (consolidated) financial statements and related disclosures.

FASB ASU 2017-04 - “Simplifying the Test for Goodwill Impairment (Topic 350)” – In January 2017, the FASB issued 2017-04. The guidance removes “Step Two” of the goodwill impairment test, which required a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit’s carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The ASU is effective for annual reporting periods beginning after December 15, 2019, and for interim periods within those years, with early adoption permitted. Management does not currently expect this ASU to have a significant impact on the combined (consolidated) financial statements and related disclosures.

Non-employee Stock-based Compensation – In June 2018, the FASB issued ASU 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting*, which more closely aligns the accounting for employee and nonemployee stock-based compensation. Under the new standard, companies will no longer be required to value non-employee awards differently from employee awards. This accounting standard update will be effective beginning in the first quarter of fiscal 2020 using a modified retrospective approach. The Company anticipates that the new standard will not materially impact the Company’s combined (consolidated) financial statements.

Fair Value Measurement - In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*, which amends ASC 820, *Fair Value Measurement*. ASU 2018-13 modifies the disclosure requirements for fair value measurements by removing, modifying or adding certain disclosures. The accounting standard update will be effective beginning in the first quarter of fiscal 2021, with removed and modified disclosures to be adopted on a retrospective basis, and new disclosures to be adopted on a prospective basis. The Company is in the initial stages of evaluating the impact of the new standard on its combined (consolidated) financial statements.

3. GEOGRAPHIC BREAKDOWN OF SIGNIFICANT OPERATIONS

The Company’s operating segments are business units that manufacture and sell concentrates, extracts, and other cannabis-related products. These operating segments were determined by location of manufacturing and distribution facilities. Operating segments are defined as components of an enterprise for which separate financial information is available and which is evaluated regularly by Management in determining how to allocate resources and in assessing performance.

MXV HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

3. GEOGRAPHIC BREAKDOWN OF SIGNIFICANT OPERATIONS (Continued)

The Company's Chief Executive Officer and Executive Chairman, with the assistance of the executive management team, has been identified as the chief decision maker. Management directs the allocation of resources to operating segments based on the profitability and cash flows of each respective segment.

The Company evaluates performance based on operating income. Administrative functions such as finance, treasury, and information systems are centralized. However, where applicable, portions of the administrative function expenses are allocated between the operating segments. The operating segments do not share manufacturing or distribution facilities. In the event any materials and/or services are provided to one operating segment by the other, the transaction is valued according to the Company's transfer policy, which approximates market price. The costs of operating the manufacturing plants are captured discretely within each segment. The Company's property, plant and equipment, inventory, and accounts receivable are captured and reported discretely within each operating segment.

Summary financial information for operating segments by geographic location is as follows:

	California	Nevada	Other	Eliminations	Total
Gross Revenue	\$ 6,606,544	\$ 455,166	\$ 710,905	\$ (2,238,581)	\$ 5,534,034
Gross Profit	2,311,710	131,334	665,488	(236,455)	2,872,077
Gross Margin	35%	29%	94%		52%
Selling, General & Admin exp	4,270,633	76,745	125,230	132,699	4,605,307
Operating Income (Loss)	\$ (1,958,923)	\$ 54,589	\$ 540,258	\$ (369,153)	\$ (1,733,229)

4. INVENTORY

As of December 31, 2018 and 2017, inventory consisted of:

	2018	2017
Raw Materials	\$ 543,432	\$ 34,891
Work in Process	1,431,291	-
Finished Goods	550,102	-
Total Inventory	\$ 2,524,825	\$34,891

5. CONSTRUCTION IN PROGRESS (CIP)

CIP consists of initial costs associated with construction of manufacturing facilities, including material, equipment and interest expenses. When CIP is completed the assets will be transferred to facilities assets. No provision for depreciation is made on CIP until such time that the relevant assets are available and ready to use.

In August 2018, the Company, through one of its 2990 MLK Jr LLC affiliate, engaged an outside contractor to buildout its California manufacturing facility in Lynwood, CA. The project's estimated total costs are approximately \$4.9M, with construction projected for completion in August 2019. Through December 31, 2018, the cost incurred totaled approximately \$1.1M with an estimate to complete of approximately \$3.86M.

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

5. CONSTRUCTION IN PROGRESS (CIP) (Continued)

Once completed, California cannabis production will move to the newly built-out 10,600 square foot facility. Amounts payable to the general contractor at December 31, 2018 totaled \$379k, and the current retention payable balance is \$66k.

6. INVESTMENTS IN BUSINESS VENTURES

The Company has investments in two private business ventures in the Pennsylvania cannabis market, providing both business and product consulting support as needed to the onsite management team, as well as the license of its Brand, Moxie. The two Pennsylvania based investments include: “Company A”, a cannabis cultivator and processor servicing the Pennsylvania medicinal cannabis market and “Company B”, a real estate and equipment lessor supporting the local cannabis manufacturing operations.

The Company through contribution agreements has the right to acquire 17.18% of Company A, conditional on final regulatory approval, and 31.65% of Company B, respectively. Major decisions for both Company A and Company B require the unanimous consent of the respective boards, which involve senior MXY employees on both boards, resulting in MXY’s ability to exercise influence over both entities. Accordingly, the equity method of accounting is the most appropriate method for the Company’s current investment interests. The Company acquired both investments through the use of its brand and processing expertise to local partners in Pennsylvania, along with small cash contributions in Company A and an IP brand contribution in Company B. The Company, through its Seven Ten Holdings affiliate, received four Class C units in Company B, valued at \$600k, by negotiation with other third party Company B investors, where the IP brand was estimated at 4 times the per unit cash value, or \$150k, of Company B Class B units. These investments were established at the formation of Company A in February 2017 and Company B in July 2017. These investments were held through common ownership by Moxie investors who agreed to exchange the investment for equity in MXY Holdings during a legal reorganization completed in April 2019 (see Note 13). A rollforward of the Company’s investments in these entities is as follows:

	Company A	Company B	Combined
Balance 1/1/17	-	-	-
Contributions	\$ -	\$ 600,000	\$ 600,000
Allocable share of profits	(107,931)	(65,903)	(173,833)
Balance at 12/31/17	\$ (107,931)	\$ 534,097	\$ 426,167
Contributions	1,718	-	1,718
Allocable share of profits	(112,357)	319,668	207,311
Balance at 12/31/18	\$ (218,570)	\$ 853,765	\$ 635,195

During the year ended December 31, 2018, the Company recognized revenue for the use of this IP license related to this agreement of \$15k. Additionally, the Company agreed to provide sales and marketing, operational, and quality oversight support to Company B throughout the fiscal year through a Management Services Agreement that expires on December 31, 2019. During the year ended December 31, 2018, the Company recognized revenue of \$240k relating to such services provided.

Deferred revenue from license agreement at year-end December 31, 2018 is \$578k of which \$561k relates to the long-term portion and \$15k relates to the current portion which is booked in Accrued Liabilities.

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

6. INVESTMENTS IN BUSINESS VENTURES (Continued)

A summary of audited financial information of the unconsolidated Business ventures, is as follows at December 31, 2018:

	<u>Company A</u>	<u>Company B</u>	<u>Total BV Investments</u>
Total Assets	3,034,562	13,464,705	16,499,267
Total Liabilities	4,349,654	1,091,827	5,441,481
Business Venture Equity	<u>(1,315,092)</u>	<u>12,372,878</u>	<u>11,057,786</u>
Total Liabilities and Business Venture Equity	<u>\$ 3,034,562</u>	<u>\$ 13,464,705</u>	<u>\$ 16,499,267</u>
	<u>Company A</u>	<u>Company B</u>	<u>Total BV Investments</u>
Net Income/(Loss)	<u>(654,000)</u>	<u>1,010,009</u>	<u>356,009</u>
Summary of MXY's investment	17.18%	31.65%	
in unconsolidated earnings of Business Ventures	(112,357)	319,668	207,311

The proportionate share of MXY's earnings was recorded in the Statement of Operations. The Company's policy is that the investment will be reduced below zero at times as management believes the investee operations will ultimately be profitable in the short term and long term. The Company does not believe the investment is impaired nor is the Company obligated to make any capital contributions for its negative investment.

Colombian Purchase Rights Agreement

During 2018, the principals of Cannacol S.A.S. (Cannacol), a simplified stock company organized in Colombia, approached MXY about raising capital and monetizing their interest in a local farm and manufacturing license. In December 2018, MXY entered into a purchase rights agreement with all the shareholders of Cannacol to purchase all the outstanding shares of stock of Cannacol for \$450k. Management has determined the estimated fair market value of the rights agreement option was immaterial at the date of agreement and December 31, 2018.

The Company has incurred and expensed legal and consulting fees to evaluate this opportunity and to register its seeds within Colombia. In addition, by verbal agreement, MXY Holdings LLC agreed to provide \$5k of monthly funding to Cannacol to keep the farm functioning and operational until the option expired. The Company currently has \$26k of capitalized costs in Other Current Assets representing the cost to purchase and register cannabis seed in Colombia.

The Company is not obligated to exercise the purchase right and is in the process of evaluating whether to exercise this right. The rights agreement matures in September 14, 2019.

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

7. PROPERTY AND EQUIPMENT

As of December 31, 2018 and 2017, property and equipment consisted of the following:

	2018	2017
Manufacturing Equipment	\$ 859,411	\$ 466,638
Office Furniture & Equipment	438,255	454,468
Vehicles	19,402	-
Tenant Improvements	205,514	224,197
Building	987,277	-
Land	1,974,553	-
Total Property & Equipment	<u>4,484,411</u>	<u>1,145,303</u>
Less: Accumulated Depreciation	(385,455)	(205,504)
Property & Equipment, Net	<u>\$ 4,098,956</u>	<u>\$ 939,799</u>

Depreciation expense of \$222,680 and \$295,328 was recorded for the years ended December 31, 2018 and 2017, respectively. Repairs and maintenance costs incurred totaled \$54k for the year ended December 31, 2018, with no repairs and maintenance costs incurred during the year ended December 31, 2017.

8. NOTES PAYABLE

Convertible Note

In January 2018, certain debt financing totaling \$3 million was provided by an outside to fund the purchase of the land and real estate for the California manufacturing facility. The initial investment was structured as a secured, convertible debt bearing interest at 7.5% per annum, compounded monthly with a maturity date of March 1, 2018. In June 2018, pursuant to a Settlement and Release Agreement (SRA), the Company and the Note holder agreed to rescind the transaction, resulting in the conversion features being eliminated, the debt being paid in full including interest of \$296,000. The Company incurred legal and other transaction of \$563k. In connection with the SRA, the Company entered into a note payable of \$563k to settle a portion of the additional fees to be paid over a 10 months period. The note was originally collateralized by a deed of trust on the building purchased. The balance was paid in monthly installments through April 2019, at which time the note was paid in full using the restricted cash described in Note 2. The lien on the building was released once the debt was paid in full.

Convertible Notes Outstanding

In June 2018 the Company issued two convertible notes to members in the amounts of \$1.2M and \$3.45M for an aggregate amount of approximately \$4.65M, representing all related party debt. In addition, in October 2018, the Company issued three convertible notes in the aggregate of approximately \$2.35M, representing all related party debt.

The Convertible Notes are secured by all of the assets, tangible and intangible, of the Company. All interest becomes due and payable under a conversion event. No principal or interest payments were made in 2018 on these convertible notes. As of December 31, 2018, convertible notes payable consists of five notes totaling \$7.2M, including \$0.2M of accrued interest. Representatives of the two largest note holders are actively participating in management of the Company. The convertibles notes are summarized as follows:

MXV HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

8. NOTES PAYABLE (Continued)

Terms of Convertible Notes

Effective Date	Maturity Date	Annual Interest	Convertible Debt	Accrued Interest 12/31/18
June 11, 2018	June 11, 2019	7%	\$3,450,000	\$134,314
June 11, 2018	June 11, 2019	7%	\$1,200,000	\$46,718
October 29, 2018	October 29, 2019	7%	\$1,620,000	\$19,573
October 29, 2018	October 29, 2019	7%	\$700,000	\$8,458
October 29, 2018	October 29, 2019	7%	\$30,000	\$362
		Total	\$7,000,000	\$209,425

The convertible notes accrue interest at the rate of seven (7%) percent per annum computed on the basis of the actual number of days the debt is outstanding.

The lender understands that the notes and the conversion securities have not been and will not be registered under the Securities Act and that they are “restricted securities” under applicable US federal and state securities laws. The lender must hold the conversion securities indefinitely unless they are registered with the Securities and Exchange Commission and qualified by state authorities or unless an exemption from such registration and qualification requirements is available

Contingent Conversion

Upon qualified financing (equity sales greater than \$5M), the notes automatically convert to Series C units. In the event a qualified financing does not occur, the note holder may elect by written notice to the Company with 30 days following the maturity date, to convert all unpaid principal payable due into Series C equity of the Company. Whether under a qualified financing or note holder election, all accrued and unpaid interest and the extension fee, if any, shall be immediately due and payable. The number of Series C units issuable are determined by a set formula set out in the convertible debt agreement. As the conversion features are contingent and were not resolved by December 31, 2018, the Company has not recorded the embedded conversion features within the convertible notes in accordance with ASC 470 (Debt).

Security Interest, Guarantees and Acceleration on Event of Default

The Company granted lenders a continuing security interest in the collateral of the Company. Any amounts owed to lenders after the effective date shall be secured by the first priority perfected security interest in the collateral of the Company. In addition to the security interest granted, the Company’s obligations under these notes shall be guaranteed by the Company. At any time after Lender becomes aware of an Event of Default, the holders may accelerate all of the payment obligations including all outstanding principal, any accrued but unpaid interest, the Extension Fee, if any, and reasonable expenses of collection. In lieu of payment, the Required Holders may alternatively elect to instead convert the Outstanding Balance into a number of Series C Units determined by a set formula set out in the convertible debt agreements. At any time following the occurrence of an Event of Default, interest shall accrue on the Outstanding Balance beginning on the date the applicable Event of Default occurred at an interest rate equal to the lesser of fifteen percent (15%) per annum or the maximum rate permitted under Applicable Law.

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

8. NOTES PAYABLE (Continued)

Promissory Note

In June 2018, to cover legal fees associated with the buyout of a prior investor (see convertible note extinguished above), the Company entered into a promissory note payable to the investor in the amount of \$562,500 with simple interest accruing on the outstanding principal balance of the note at a rate of 0.83% per month from and after June 1, 2018. In accordance with the note, the Company paid \$46,875 monthly towards principal, and an additional amount for interest depending on the note balance outstanding. The final payment on this note, which will equal the entire outstanding principal balance of this note, together with all accrued and unpaid interest thereon will be due and payable on the earlier of May 1, 2019.

As of the year ended December 31, 2018, there was an outstanding note payable to the former member of \$184,036. In accordance with the note, the amount was paid down in monthly installments and was paid in full by April 2019 which was prior to the maturity date of May 1, 2019. This outstanding balance is reserved in the restricted cash balance of \$191,331.

9. MEMBERS' EQUITY (DEFICIT)

The Company's first three affiliates included in this combined statement: Seven Ten Holdings, LLC, Patrick Clio, LLC and Seven Ten Management, LLC, operated in both California and Nevada. These affiliates were owned by the Founders through 2018 and were operated as partnerships.

Pure CA, LLC, the California manufacturing entity, which was formed in 2017, began operations until January 2018, and was a single member LLC owned by 89 Emerald LLC. 2990 MLK JR LLC was also formed in 2017 to acquire real estate for California operations, and was formed as a single member LLC owned by Lams Holdings LLC. California Leasing and Consulting, LLC was formed to be the California equipment lessor owned as a single member LLC with all units owned by one individual investor. The three LLC's were held as nominee interests, whereby the investors agreed to exchange their interest in these entities for the equity to be received in MXY Holdings LLC upon completion of the legal rollup. See Note 13.

MXY Holdings LLC has three classes of equity including Series A, Series B, and Profit Sharing interests. Series A and B have 71.0% and 28.5% of the outstanding equity, respectively as of December 2018. Series A and B members both have two voting board members each on a four-member board of managers. Profit Sharing interests do not participate in voting rights. As Series B members represented the convertible note holders, their consent is required on material decisions affecting the Company, such as the adoption of material contracts, materials changes in the scope of Company's business, and corporate refinancing.

Violet Holdings LLC was formed in July 2018 to acquire processing and cultivation licenses in state of New Jersey. No operations have commenced as of December 31, 2018. MXY Holdings LLC owns, through its affiliate Anacapa NJ, LLC, 62.5% of the Series A Units, with the remainder owned by a related party, who holds a non controlling interest. Currently the board composition has not been determined given that Violet Holdings has yet to commence any significant operations.

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

9. MEMBERS' EQUITY (DEFICIT) (Continued)

The table below describes the ownership of the Company and its Affiliates.

Entity	Owner	%
MXY Holdings, LLC	Series A	71.0%
	Series B	28.5%
	Profits Interest - Series B	0.5%
Pure CA, LLC	89 Emerald, LLC	100%
2990 MLK Jr, LLC	Lams Holdings, LLC	100%
Patrick Clio Equipment, LLC	Founders	100%
California Leasing & Consulting, LLC	Individual Investor as Nominee	100%
Seven Ten Holdings, LLC	Founders	100%
Seven Ten Management, LLC	Founders	100%
Violet Holdings, LLC	YOI NJ, LLC	37.5%
	MXY Holdings, LLC	62.5%

Capital contributions during 2018 totaling \$543,940 were received from the four original founders of the Moxie brand and included funds to cover expenses relating to facilities and equipment. No distributions were made during 2018.

	MXY	2990	PCA	PCE	CLC	STM	VH	STH	Other Sub	Total
Balance at 1/1/17	\$ -	\$ -	\$ -	\$ 307,182	\$ -	\$ (25,418)	\$ -	\$ 60,970	\$ 2,104,539	\$ 2,447,273
Capital Contributions - Legacy	-	-	-	6,617	-	-	-	90,553	-	97,170
Net Income/Retained Earnings	-	-	-	125,853	-	204,844	-	445,892	(2,104,539)	(1,327,950)
Partner Capital Accounts	-	-	-	(80,000)	-	(160,000)	-	(160,000)	-	(400,000)
Balance at 12/31/17	\$ -	\$ -	\$ -	\$ 359,652	\$ -	\$ 19,426	\$ -	\$ 437,415	\$ -	\$ 816,493
Capital Contributions - Legacy	38,586	23,197	-	-	443,706	-	-	38,451	-	543,940
Net Income	(2,509,359)	(1,300,784)	1,764,624	(72,283)	(75,668)	264,668	(71,040)	(86,311)	-	(2,086,153)
Balance at 12/31/18	\$ (2,470,773)	\$ (1,277,587)	\$ 1,764,624	\$ 287,369	\$ 368,038	\$ 284,094	\$ (71,040)	\$ 389,555	\$ -	\$ (725,720)

SHARE BASED COMPENSATION

During the year ended December 31, 2018, the Company granted a 25,000 units of Class B profit Interest to members of senior management, the Grantees, representing 0.5% of the total equity of the Company at December 2018. The Grantees shall not have any of the rights of a Member with respect to these units unless vested in accordance with the terms of this Agreement. The Profits Interests units require no capital contribution, and only share in future profits and losses, up to previously allocated profits, and the value of liquidation events. MXY Holdings determined that the estimated fair market value of the Profits Interests granted during the year ended December 31, 2018 was immaterial. These Profit Interests vest within 4 years of issuance, or immediately upon a liquidation event. In the event of voluntary termination, or termination with cause, the holder loses all future rights to the unvested Profit Interests. Such Profit Interests were issued in accordance with the terms of the Operating Agreement.

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

9. MEMBERS' EQUITY (DEFICIT) (Continued)

From the date of grant, the Company will treat the Grantee as the owner of the units when calculating the distributive share of Company income, gain, loss, deduction, and credit in computing the Grantee's income tax liability for the entire period during which the Grantee owns the Profits Interest Units.

Subsequent to December 31, 2018, the Company granted 495,952 of additional Profit Interest to various members of management and consultants who helped facilitate the May 2019 capital raise (See Note 13). The units granted to these members and consultants carry the same terms as outlined above. The Company determined that the estimated fair market value of the Class B Profit Interest units granted subsequent to December 31, 2018 were immaterial.

10. COMMITMENTS AND CONTINGENCIES

LEASE COMMITMENTS: RIGHT-OF-USE ASSETS

The Company has capitalized operating leases for its corporate offices in accordance with ASC 842. The leases have remaining terms of less than four years expiring in July 2022. As of December 31, 2018, assets recorded under operating leases were \$585,017 and accumulated amortization associated with these leases totaled \$203,900. The components of Operating Lease expense are as follows:

	Year-ended December 31, 2018	Year-ended December 31, 2017
Operating Lease Cost	\$ 168,467	\$ 151,787
Cash Paid for amounts included in the measurement of Operating Lease Liabilities	\$ 181,227	\$ 38,451
Right of Use Assets obtained in exchange for Operating Lease Obligations	\$ 585,017	\$ 611,299
Remaining lease term	3.6yrs	4.6yrs
Discount rate	2.25%	2.25%

MXV HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

10. COMMITMENTS AND CONTINGENCIES (Continued)

Minimum Lease Payments are as follows:

<u>Minimum Lease Payments are as follows:</u>	
Year-Ended	Amount
2019	\$ 189,019
2020	194,690
2021	200,530
2022	118,998
Total Lease Payments	703,237
Less effects of discounting	(27,414)
Lease Liabilities recognized	\$ 675,823
Current Portion of Lease Liabilities	\$ 175,959
Long-Term Portion of Lease Liabilities	\$ 499,864

Contingencies

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its consolidated operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulation as of December 31, 2018, marijuana regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties or restrictions in the future.

In August 2018, the Company, through one of its affiliates, engaged an outside contractor to buildout its California manufacturing facility in Lynwood, CA. As of June 2019, the buildout plans are pending Los Angeles County Fire approval. As the construction is estimated for completion in August 2019, the Company faces a potential risk of delayed occupancy until County Fire approval has been granted. The quantification of loss associated with this risk is the loss of potential earnings and suspended manufacturing growth by remaining in the temporary, onsite manufacturing facility longer than anticipated.

The Company engaged the law firm Buchalter, a Professional Corporation, for certain matters in late 2017 and early 2018, including the convertible notes. Buchalter was subsequently replaced as counsel and the Company received invoices over which it initiated an arbitration proceeding disputing such fees and making a claim for damages. Management has a high level of confidence in recouping its expenses and losses. The downside would be paying the invoice in the amount of \$250k or less.

Marijuana is currently a Controlled Substances Act Schedule I drug as defined by federal law and is therefore, considered an illegal activity under federal statute. Civil and criminal punishment can be assessed against the Company and anyone who sells, holds, grows, or imports-controlled substances. Schedule I of the Controlled Substances Act lists drugs, including marijuana, that the federal government has determined to have; 1) a high potential for abuse, 2) no currently accepted medical use in the United States, and 3) lack of safety for use even under medical supervision.

MXV HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

10. COMMITMENTS AND CONTINGENCIES (Continued)

Although the United States Department of Justice has been encouraged not to prosecute marijuana distributors who comply with state and local laws, the federal law is still effective and the Drug Enforcement Agency can investigate, and even raid, marijuana business that are legal under state and local statutes and regulations. If this were to occur, the Company would experience a material adverse effect on its financial condition, results of operations, and cash flows.

Some employment contracts and offer letters do provide for severance in the case of involuntary terminations without cause. The severance payouts range from one to six months of base salary. There are no severance commitments and liabilities as of December 2018.

Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of December 31, 2018, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's consolidated operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

11. RELATED PARTY TRANSACTIONS

From time to time, the Company enters into transactions with companies owned by members of the Company. During the year ended December 31, 2018, the Company entered into a revenue sharing arrangement with another cannabis brand, Fresh off the Bud (FOB), whereby FOB owners could use the Company's processing facilities and some technical resources. In exchange the FOB owners, one of which later became a member and senior manager of the Company, would split revenue. This arrangement was transformed after Q1'2018, where the Company employed FOB resources for a cost plus margin reimbursement. Subsequent to Q2'2018, no further business dealing occurred concerning the FOB brand. Sales generated from this revenue sharing arrangement during 2018 were approximately \$500,000.

At the start of 2018, the Company acquired \$519k of raw materials and WIP inventory from an entity associated with the Company Founders. The valuation of the inventory and payable were determined by an agreed-upon transaction price and were subsequent adjusted down after cannabis was legalized. The adjusted balance of that payable is included in accrued liabilities in the accompanying combined balance sheet.

The Company provides sales and marketing, operational, and quality oversight support to under a Management Services Agreement that expires on December 31, 2019. During the year ended December 31, 2018, the Company recognized revenue of approximately \$240k relating to such services provided recorded in Revenue.

The Company purchases some packaging on behalf of both its affiliates and investment partners as part of its branding agreements. The Company sold approximately \$192k to its unconsolidated Business venture partners during 2018 with an outstanding receivable of approximately \$30k as of December 31, 2018.

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

11. RELATED PARTY TRANSACTIONS (Continued)

The Company records deferred revenue from an investment partner in connection with an IP License agreement. At December 31, 2018, related party deferred revenue totaled \$577k with \$562k recorded in long-term liabilities and \$15k recorded in short-term accrued liabilities.

Advisory fees are paid to companies who are also principal members or Board members in the Company. Total advisory fees of approximately \$348,000 were incurred during 2018 and remains outstanding in the accrued liabilities in the accompanying combined balance sheet at December 31, 2018.

The table below summarizes the related party activity during the year ended December 31, 2018.

Description	Counterparty	Revenue	Expense	Outstanding A/R
IP Licensing Revenue	Company B	\$ 15,000	\$ -	\$ -
Product Sales	FOB	\$ 500,000	\$ (425,000)	\$ -
Packaging Revenue	Company A	\$ 192,000	\$ (182,400)	\$ 30,000
Management Fees Earned	Company B	\$ 240,000	\$ -	\$ -
Product Purchases	Founders	\$ -	\$ (519,000)	\$ -

12. INCOME TAXES

Basis of Presentation (Income Taxes)

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 tax reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where 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.

The Company's effective income tax rate can vary significantly for various reasons, including the mix and volume of business in lower income tax jurisdictions and in jurisdictions for which no deferred income tax assets have been recognized because management believed it was not probable that future taxable profit would be available against which income tax losses and deductible temporary differences could be utilized.

Significant Accounting Policies (Income Taxes)

Income tax expense is comprised of current and deferred tax. Income tax is expensed except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to the tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized on temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for amounts relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that do not affect either accounting or taxable loss, or differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

MXV HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

12. INCOME TAXES (Continued)

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position.

Income Taxes

The Company and most of its affiliates are limited liability companies that are taxed as partnerships for federal and state income tax purposes. The production affiliate has elected to be treated as a C-Corporation for federal and state income tax purposes. Under federal law, the taxable income or loss of a partnership is allocated to its members, therefore there is no federal or state income tax at the partnership level, with the exception of certain state minimum taxes and taxes based on gross receipts. A C-Corporation, on the other hand, is taxed on its taxable income at both the federal and state level.

As a C-Corporation, the Company's production affiliate is subject to U.S. Internal Revenue Code Section 280E at the federal level. This code section disallows deductions and credits attributable to a trade or business of trafficking in controlled substances. Under U.S. tax, cannabis is a schedule I controlled substance. The Company has taken the position that any costs included in the cost of goods sold should not be treated as amounts subject to Section 280E. For state purposes, non-cost of goods sold are permitted deductions for the production affiliate.

FASB ASC Topic No. 740 "Accounting for Uncertainty in Income Taxes" ("ASC 740"), clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on de-recognition of tax benefits, classification on the combined balance sheet, interest and penalties, accounting in interim periods, disclosure and transition. The Company did not recognize any tax benefits from uncertain tax positions during the year ended December 31, 2018.

Income tax expense attributable to loss from operations consists of the following at December 31, 2018:

	2018
Current	
Federal	325,436
State	16,011
Total Current	341,447
Deferred	
Federal	(70,458)
State	(37,150)
Total Deferred	(107,608)
Total Tax Expense	233,839

Tax attributes are subject to review, and potential adjustment, by tax authorities.

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

12. INCOME TAXES (Continued)

Significant components of the Company's deferred tax assets and liabilities included in the financial statements are as follows:

	<u>2018</u>
Deferred Tax Assets:	
Non-capital losses	\$ -
Reserves and accruals not currently deductible	12,144
Leases	85,206
Intangible asset basis difference	<u>10,258</u>
Total Deferred Tax Assets	107,608
Valuation Allowance	<u>-</u>
Net Deferred Tax Assets	<u>\$ 107,608</u>

Based on available evidence during the year ending December 31, 2018, the Company determined it was more likely than not that the net deferred tax assets for federal and state income tax purposes will be realized. Therefore, a valuation allowance has not been established against the deferred tax assets.

The Company currently files income tax returns in the United States and the State of California. The Company is not currently under examination by income tax authorities in federal or state jurisdictions. All tax returns remain open for examination by the federal and state authorities for three and four years, respectively, from the date of filing with taxable income or from the date of utilization of any NOL.

On December 22, 2017, the Tax Cuts and Jobs Act (H.R.1) (the "Tax Act") was signed into law. The Tax Act contains significant changes to corporate taxation, including (i) the reduction of the corporate income tax rate from a maximum rate of 35% to 21%, (ii) the acceleration of expensing for certain business assets, (iii) the one-time transition tax related to the transition of U.S. International tax from a worldwide tax system to a territorial tax system, (iv) the repeal of domestic production activities deduction, (v) additional limitations on the deductibility of interest expense, (vi) expanded limitations on executive compensation, (vii) acceleration of tax revenue recognition, (viii) capitalization of research and development expenditures and (vix) creation of new minimum taxes such as the base erosion anti-abuse tax ("BEAT") and Global Intangible Low Taxed Income ("GILTI") tax.

The Company has not yet made a policy election with respect to its treatment of potential base erosion anti-abuse tax ("BEAT") and Global Intangible Low Taxed Income ("GILTI"). Companies can either account for taxes on BEAT and GILTI as incurred or recognize deferred taxes when basis differences exist that are expected to affect the amount of the BEAT and GILTI inclusion upon reversal. The Company is still in the process of analyzing the provisions of the Act associated with BEAT and GILTI and the expected impact of BEAT and GILTI on the Company in the future.

The provisional amount related to the deferred tax balances are based on information available at this time and may change due to a variety of factors, including, among others, (i) anticipated guidance from the U.S. Department of Treasury about implementing the Tax Act, (ii) potential guidance from the Securities and Exchange Commission or the Financial Accounting Standards Board related to the Tax Act, (iii) any impact resulting from our December 31, 2018 financial closing and reporting processes, and (iv) management's further assessment of the Tax Act and related regulatory guidance.

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

12. INCOME TAXES (Continued)

We are not complete in our assessment of the impact of the Tax Act on our business and combined financial statements. We will continue our assessment of the impact of the Tax Act on our business and combined financial statements throughout the one-year measurement period as provided by SAB 118.

13. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through July 16, 2019, which is the date these combined financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2018 have been incorporated into these combined financial statements.

New Jersey Real Estate Sale and Advisory Agreement

In January 2019, the Company, through its Violet Holdings, LLC affiliate, was unsuccessful in its bid to obtain cannabis licenses in New Jersey and the rights to purchase the real estate were sold for \$300k. Costs to acquire the real estate option in 2018 were \$100k resulting in the Company reporting a gain of \$200k at the time of sale. As a trade-off for selling the real estate option, the Company entered into an agreement offering advisory services due to its extensive experience in product and brand development in the cannabis industry through a profit split with the license holder receiving a fixed fee. As an advisor, the intellectual property remains the property and sole responsibility of the Company. Operations are expected to commence in Q4 2019 and advisory revenue will be recognized accordingly as sales begin.

Legal Roll Up

In early April 2019, the Company completed its legal transformation whereby investors of individual affiliate companies exchanged all or part of their equity units in specific LLC's for the equity units of MXY Holdings LLC. The result was the formation of a controlled group with MXY Holdings LLC as the parent company, and former affiliates became subsidiaries. The new structure simplifies the relationship among the companies for legal, tax, and accounting purposes. Concurrent with the effective date of the legal rollup, the Company converted all remaining wholly owned subsidiaries to c-corporations for tax filing purposes.

Nevada Investment

In late April 2019, the Company executed both an advisory and brand license agreement with the principals of a Nevada company with the licenses to cultivate and produce both recreational and medicinal cannabis products in the state of Nevada. The advisory agreement provides the Company with monthly fees in exchange for managerial assistance on improving the quality of their operations and financial results. A share transfer agreement and a new operating agreement, giving the Company a percentage of equity for the use of its brand and expertise, is anticipated for July 2019 when an effective date back to May 2019.

Capital Raise & Conversion of Convertible Notes

The capital raise was funded in mid-May 2019 totaling \$43M consisting of newly issued convertible debt of \$36M and Series C preferred equity of \$7M. The funding of the capital raise triggered the conversion of existing convertible notes payable into series C preferred units and payoff of the convertible notes accrued interest of \$383,945.

MXY HOLDINGS LLC AND AFFILIATES
Notes to the Combined Financial Statements (Continued)
For the Year Ended December 31, 2018

13. SUBSEQUENT EVENTS (Continued)

The Series C preferred units are at an effective purchase price of \$7.9128 per unit and/or by purchase and sale for cash at a purchase price of \$19.5503 per unit. The units are part of an offering by the Company of up to 1,242,694 units resulting from the conversion of the principal outstanding pursuant to the convertible notes and purchase and sale of up to an additional \$7M of units.

Additional funds of \$514,083 were used to pay off certain accrued expenses. The remaining funds from the capital raise will be used for Company growth initiatives from unrelated third parties.

Fire in California Manufacturing Facility

In February 2019, the Company suffered a fire in its California temporary manufacturing facility in Lynwood, CA. Equipment and inventory with a cost of approximately \$257k were destroyed. Costs of cleanup were \$21,050, and estimated costs of repair to the temporary manufacturing facility are approximately \$122k.

In May 2019, the Company received approximately \$370k from insurance proceeds related to the above losses. Monies allocated to the lost equipment resulted in an economic gain of approximately \$39k.

Execution of Business Combination Agreement

In July 2019, MXY Holdings LLC entered into a Securities Acquisition and Contribution Agreement with Green Growth Brands Inc (“GGB”). GGB is public company traded on the Toronto Stock Exchange and operates through two principal segments: producing/selling CBD-infused personal care products and cultivation/production/distribution/retail of cannabis products. The Acquisition Agreement provides for the creation of a Canadian limited partnership, of which GGB as the general partner, which will acquire the operating company of GGB and the outstanding units of MXY. The equity purchase price of \$310M, satisfied by the issuance of GGB Common Shares or Exchangeable LP Units. As part of the agreement, MXY has agreed to make a loan of \$5M in order to fund certain pending acquisitions. The close of this transaction is expected to occur within six months, subject to various closing conditions.

MXY HOLDINGS LLC AND AFFILIATES
Combined Financial Statements As of and for
the Quarters Ended
March 31, 2019 and 2018

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MXV HOLDINGS LLC AND AFFILIATES
Combined Balance Sheets
As of March 31, 2019 and December 31, 2018 (audited)

ASSETS		March 31, 2019	December 31, 2018
Current Assets:			
Cash and Cash Equivalents		\$ 901,537	\$ 1,637,334
Restricted Cash		47,144	191,331
Accounts Receivable, Net	<i>Notes 2,11</i>	678,495	510,814
Inventory	<i>Notes 2,4</i>	2,907,200	2,524,825
Prepaid Expenses and Other Current Assets		94,741	295,777
Total Current Assets		4,629,117	5,160,081
Property and Equipment, Net	<i>Note 7</i>	4,020,525	4,098,956
Construction in Progress	<i>Note 5</i>	2,228,715	1,164,365
Investments in Business Ventures	<i>Note 6</i>	737,290	635,195
Right-of-Use Assets		545,922	585,017
Deferred Tax Asset		107,608	107,608
Other Assets		60,237	60,282
Total Non-current Assets		7,700,297	6,651,423
TOTAL ASSETS		\$ 12,329,414	\$ 11,811,504
LIABILITIES AND MEMBERS' EQUITY			
Current Liabilities:			
Accounts Payable		\$ 1,696,011	\$ 1,091,163
Accrued Liabilities	<i>Note 11</i>	\$ 2,956,879	2,804,390
Operating Lease Liability	<i>Note 10</i>	178,023	175,959
Notes Payable	<i>Note 8</i>	42,854	184,036
Convertible Notes Payable	<i>Note 8</i>	7,330,246	7,209,425
Total Current Liabilities		12,204,013	11,464,973
Long-Term Liabilities:			
Operating Lease Liability, net of current	<i>Note 10</i>	453,578	499,864
Deferred Revenue	<i>Note 11</i>	557,692	561,538
Other Liability		-	10,848
Total Long-Term Liabilities		1,011,270	1,072,250
TOTAL LIABILITIES		13,215,283	12,537,224
MEMBERS' (DEFICIT) EQUITY		(885,869)	(725,720)
TOTAL LIABILITIES AND MEMBERS' EQUITY		\$ 12,329,414	\$ 11,811,504

See The Accompanying Notes To These Combined Financial Statements

MXY HOLDINGS LLC AND AFFILIATES
Combined Statements of Operations and Changes in Members' Equity
For the Quarters Ended March 31, 2019 and 2018

		For The Three Months Ended	
		March 31, 2019	March 31, 2018
Revenues	<i>Notes 2,11</i>	\$ 1,700,070	\$ 1,588,211
Cost of Goods Sold	<i>Notes 2,11</i>	<u>576,597</u>	<u>974,613</u>
Gross Profit		1,123,473	613,598
Operating Expenses:			
General and Administrative	<i>Note 2</i>	1,001,198	520,295
Sales and Marketing	<i>Note 2</i>	128,873	135,525
Depreciation		<u>65,126</u>	<u>25,999</u>
Total Operating Expenses		<u>1,195,197</u>	<u>681,819</u>
Loss from Operations		(71,724)	(68,221)
Other Income (Expense):			-
Interest (Expense), Net		(128,527)	(79,476)
Income (Loss) from Equity in Business Ventures		102,095	(25,627)
Other Income	<i>Note 6</i>	<u>23,444</u>	<u>8,087</u>
Total Other Income (Expense)		<u>(2,988)</u>	<u>(97,016)</u>
Loss Before Provision for Income Tax		(74,712)	(165,237)
Provision for Income Tax		<u>(89,000)</u>	<u>(85,362)</u>
Net Income (Loss)		<u>(163,712)</u>	<u>(250,599)</u>
Members' (Deficit) Equity - as of December 31, 2018		\$ (725,720)	
Vesting of Profit Interest Units		3,563	
Net Loss		(163,712)	
Members' (Deficit) Equity - as of March 31, 2019		\$ (885,869)	

See The Accompanying Notes To These Combined Financial Statements

MXY HOLDINGS LLC AND AFFILIATES
Combined Statements of Cash Flows
For the Quarters Ended March 31, 2019 And 2018

	For The Three Months Ended	
	March 31, 2019	March 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (163,712)	\$ (250,599)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities		
Activities:		
Depreciation	65,126	25,999
Investment Earnings from Business Ventures	(102,095)	25,627
Deferred Revenue	(3,846)	(3,846)
Loss on Sale of Equipment	-	4,167
Profit Interest Compensation	3,563	-
Casualty Loss of Property, Plant and Equipment from Fire	139,165	-
Casualty Loss of Inventory from Fire	19,481	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(167,682)	(109,771)
Inventory	(401,856)	(904,112)
Prepaid and Other Current Assets	201,036	23,519
Right-of-Use Asset	39,095	35,941
Other Assets	45	(43,115)
Accounts Payable	604,848	52,807
Accrued Liabilities	152,489	1,602,308
Accrued Interest - Lease Liabilities	2,449	4,343
Accrued Interest - Notes Payable	120,323	73,125
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	508,429	536,393
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	(125,860)	52,156
Expenditures for Construction in Progress (CIP)	(1,064,350)	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(1,190,210)	52,156
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from TI Building Financing	(10,848)	-
Proceeds from Short Term Debt		38,170
Principal Payments on Short Term Debt	(140,684)	-
Principal payments on Lease Liabilities	(46,671)	(58,131)
Principal Payments on Other Short Term Debt	-	(12,564)
Contributions from members		52,540
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(198,203)	20,015
NET INCREASE IN CASH AND CASH EQUIVALENTS	(879,984)	608,564
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,828,665	82,923
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 948,681	\$ 691,487
<u>Supplemental information:</u>		
1 Interest Paid on Short-Term Debt	\$ 2,035	\$ -
<u>Non-cash transactions:</u>		
1 Proceeds from Convertible Debt used towards purchase of Real Estate	\$ -	\$ 2,961,830
2 Purchase of Real Estate	-	(2,961,830)
3 Commencement of Operating Leases	-	125,505
4 Contributions of equipment and inventory	-	333,485

See The Accompanying Notes To These Combined Financial Statements

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements
For the Quarters Ended March 31, 2019 and 2018

1. NATURE OF OPERATIONS

MXY Holdings and affiliates (the “Company” or “MXY”) are vertically integrated medicinal and recreational cannabis companies based in Long Beach, California holding three California cannabis licenses: production, distribution, and non-storefront retail. Through its California operations, the Company produces high quality medicinal and recreational products, which are sold wholesale to various dispensaries, and retail directly to consumers through its own delivery drivers. The Company offers two well-known brands, Moxie and MX, which are sold through dispensaries in California, Nevada, and Pennsylvania. The Company differentiates itself through the consistent high quality of its brand, availability, and scope of product offering. The combined companies are as follows:

Legal Entity	Business Operations	Year Business Started	State of Domicile
MXY Holdings LLC (“MXY”)	Management Company	2018	DE
Pure CA LLC (“PCA”)	California Manufacturer and Distributor	2018	CA
2990 MLK Jr LLC (“2990”)	California Real Estate Lessor	2018	NV
California Leasing & Consulting LLC (“CLC”)	California equipment lessor	2018	CA
Patrick Clio Equipment, LLC (“PCE”)	California equipment lessor	2015	CA
Seven Ten Holdings, LLC (“STH”)	IP Brand Holder	2015	NV
Seven Ten Management, LLC (“STM”)	Nevada consulting company	2015	NV
Violet Holdings, LLC (“VH”)	New Jersey product advisor	2018	NJ

MXY Holdings, LLC, through contribution agreements, has the right to acquire 100% of Pure CA, LLC, conditional on final regulatory approval, which is anticipated to settle in Q3 2019.

After California legalized cannabis for both medicinal and recreational purposes in 2018, MXY Holdings LLC and its California affiliated companies (2990 MLK Jr LLC, California Leasing & Consulting LLC, Pure CA LLC) continued as the Company’s chief legal entities for the purposes of processing and distributing cannabis products statewide. All affiliates shared some common owners relying upon each other for service and support, including equipment and real estate leasing.

In the state of Nevada, the Moxie founders, through Seven Ten Management LLC, continued working through locally licensed partners during Q1 2019, where the Company had influence on marketing policy, employee selection/management, and oversight on the use of its brand.

The Moxie founders began cultivation, processing and distribution operations with local operators in the state of Pennsylvania in 2018. The Company’s investment in the Pennsylvania operations was held through its individual investors through Q1’2019, the interest of which were eventually rolled up to MXY Holdings by Q2’2019. The Company has included this investment in the combined statements as “Investments, Equity Method”. See Note 6.

From mid-2018 through Q1’2019, the Company used convertible debt to assist with working capital commitments and financing its California construction buildout. While significant efforts were engaged for a legal reorganization to create a consolidated group, that process was not completed until April 2019. At that time, the convertible debt was converted into series C preferred units. See Note 13.

MXV HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

1. NATURE OF OPERATIONS (Continued)

The Company, through its Violet Holdings LLC affiliate, sold its option to acquire real estate in January 2019 after losing a bid on a local license in the state of New Jersey. The sale of the option generated \$300k of revenue, and \$200k of gains. Subsequent to the sale, Violet Holdings entered into an advisory contract with the buyer of the option (also a successful cannabis license recipient) to sell cannabis products under the Moxie brand sharing profits with the license holder. Operations are expected to commence in Q4 2019 and advisory revenue will be recognized accordingly as sales begin.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company has a 7% minority interest in Pura Ohio Processing, LLC. The investment was initiated by partnering with local industry relationships in December 2017 accompanied by a small cash contribution. The Company accounts for the investment using the cost basis. The entity has a calendar year-end and will be taxed as a pass-through organization. Once operational, distributions will be issued on a semi-annual basis with the Company receiving 7% of the overall distribution. In January 2019, Pura Ohio Processing, LLC was awarded a processing license by the state of Ohio, but aside from the license, the legal entity has yet to commence operations through the filing date of this report. Future operations of Pura Ohio are geared towards cannabis processing servicing the Ohio medicinal cannabis market. Before operations commence, financing will need to occur before the facility can be designed and built.

Basis of Preparation

The combined financial statements of the Company at March 31, 2019 and 2018 for the quarters then ended have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The condensed consolidated balance sheet for the year ended December 31, 2018 was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. The information included in this quarterly report should be read in conjunction with the combined financial statements and notes thereto of the Company for the year ended December 31, 2018.

In the opinion of management, these combined financial statements have been prepared on the same basis as the annual combined 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 three months ended March 31, 2019 are not necessarily indicative of the operating results for the year ending December 31, 2019, or any other interim or future periods.

Basis of Combination

The accompanying combined financial statements include entities which are controlled either through common control or common management. Common control exists when the same group of shareholders and/or Board members have the power, directly or indirectly, to govern the financial operating policies of multiple entities and to expose them to the variable returns from their activities. Common management exists when entities operate under the terms of management service agreements that empower the same group of people or entities to directly or indirectly govern the financial and operating policies of multiple entities and to expose them to variable returns from their activities.

MXV HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Controlling Interest

Non-controlling interest represents the portion of equity (net assets) in an entity not attributable, directly or indirectly, to a parent. A non-controlling interest is sometimes called a minority interest and is immaterial at March 31, 2019 and December 31, 2018.

Use of Estimates

Management uses estimates and assumptions in preparing its combined financial statements in accordance with US GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash deposits in financial institutions and other deposits that are readily convertible into cash.

The Company places its cash both with high quality financial institutions and in a private vault and may be redeemed upon demand. The Federal Deposit Insurance Corporation ("FDIC") provides coverage of at least \$250k available to depositors under the FDIC's general deposit insurance rules. From time to time the Company has account balances with its financial institutions that are in excess of the insured amounts given the industry limited access to banking, and, therefore, those excess account balances are uninsured. At March 31, 2019 and December 31, 2018, cash balances in excess of the FDIC insurance limit were approximately \$54k and \$898k, respectively.

Cash that is restricted as to withdrawal or use under the terms of certain contractual agreements are recorded in Restricted Cash on the combined balance sheet. Restricted cash at March 31, 2019 and December 31, 2018 is related to certain debt instruments which required the Company to restrict certain cash amounts to be used for principal and interest pursuant to the debt agreement (See Note 8).

Accounts Receivable

Accounts Receivable are stated at an amount management expects to collect from outstanding balances. The Company recognizes an outstanding receivable when its products are delivered to its customers and risk of product loss is transferred. Payment terms have traditionally been Cash on Delivery (COD), but the evolution of the industry standards has resulted in an increased number of customers which are granted payment terms ranging from net 7 days to net 30 days based on the credit worthiness of the customer and other business factors. Management records an allowance for doubtful accounts based on its assessment of the current status of individual accounts. At March 31, 2019 and December 31, 2018, the allowance for doubtful accounts was approximately \$97k and \$85k, respectively.

MXV HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration Risk

Pure CA LLC, the main California operating entity of the Company, did not have any customers which generated concentration more than 10% of revenue for the quarter ended March 31, 2019. For the quarter ended March 31, 2018, Pure CA LLC had two customers which made up 32% of total revenue for that quarter. The Company had one vendor comprising 34% of total Costs of Goods Sold and Operating Costs for the quarter ended March 31, 2019, and no vendor concentrations for the quarter ended March 31, 2018.

Inventory

Inventory includes cannabis and cannabis-related products and is valued at the lower of cost and net realizable value. Cost is determined using the standard cost method for production and retail inventory, and standards approximate actual cost. Net realizable value is determined as the estimated selling price in the ordinary course of business less estimated costs to sell. Packaging and supplies are initially valued at cost. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventory is written down to net realizable value. For the quarter ended March 31, 2019, the Company wrote off approximately \$20k of inventory as a result of a fire in its California manufacturing facility in February 2019. See Note 7 for more information.

Right-of-use Asset / Lease Liability

The Company adopts Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-02 “Leases (Topic 842)” for its California office headquarters. The Company leases are first evaluated to determine whether they are classified as a finance lease or as an operating lease. A lease is a finance lease if any of the following criteria are met: (a) ownership transfers, (b) the lease includes an option to purchase the underlying asset, (c) the lease term is for the major part of the remaining economic life of the underlying asset, (d) the present value of the lease payments equals or exceeds the fair value of the underlying asset, or (e) the underlying asset is of a specialized nature that is expected to have no alternative use to the lessor at the end of the lease term. All of the Company’s leases are classified as operating leases. Operating leases are considered short-term commitments if the lease term is 12 months or less and does not include a purchase option whose exercise is reasonably certain. If this short-term exemption applies, the lease payments are recognized as expense and no asset or liability is recorded. If the short-term exemption does not apply, the Company records an operating lease right-of-use asset and a corresponding operating lease liability equal to the present value of the lease payments. As the Company’s commercial office leases do not meet the short-term exemption, the present value of the lease payments were recorded as a right-of-use asset with a corresponding lease liability in the combined balance sheet. Rent expense is recognized on a straight-line basis over the life of the lease.

MXV HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method using the following methods and estimated useful lives:

<u>Category</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Manufacturing Equipment	Depreciated Over the Estimated Useful Life of the Asset	5-7 years
Leasehold Improvements	Amortized Over the Life of the Lease or the Estimated Useful Life of the Improvement, Whichever is Less	10 Years
Furniture and Fixtures	Depreciated Over the Estimated Useful Life of the Asset	5 Years
Building	Depreciated Over the Estimated Useful Life of the Asset	40 Years
Automobiles	Depreciated Over the Estimated Useful Life of the Asset	3 Years
Software	Depreciated Over the Estimated Useful Life of the Asset	3 Years

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate. No adjustments were deemed necessary at March 31, 2019 and March 31, 2018. An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the Statement of Operations and Changes in Members' Equity in the year the asset is derecognized.

Depreciation expense for the quarter ended March 31, 2019 and 2018 totaled \$65k and \$26k, respectively.

Repairs and maintenance that do not improve efficiency or extend economic life are charged to expense as incurred. Total repairs and maintenance for the quarters ended March 31, 2019 and 2018 were approximately \$7k and \$21k, respectively.

Capitalized Interest

The Company does not finance Construction in Progress. Accordingly, no interest expense is capitalized.

Impairment of Long-Lived Assets

Long-lived assets such as property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, but no less frequently than annually. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest charges) expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. There were no impairments recorded during the quarters ended March 31, 2019 and 2018.

MXV HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management is required to apply judgment in estimating future cash flows as well as asset fair values, including forecasting useful lives of the assets, assessing the probability of different outcomes, and selecting the discount rate that reflects the risk inherent in future cash flows. If the carrying value is not recoverable, the Company assesses the fair value of long-lived assets using commonly accepted techniques, and may use more than one method, including, but not limited to, recent third-party comparable sales and discounted cash flow models. If actual results are not consistent with our assumptions and estimates, or our assumptions and estimates change due to new information, the Company we may be exposed to an impairment charge in the future.

Investment in Business Venture

The Company accounts for investments in entities for which it is able to exercise influence over, but does not control, the investee, and is not the primary beneficiary of the investee's activities. The Company's portion of an equity-method investee's net income or loss is included in other income (loss) in the combined statement of operations. In the event that the cost basis in an investment exceeds the fair value of the underlying business, the Company records an impairment charge to reduce the carrying value to the estimated fair value. See Note 6.

Income Taxes

The Company and most of its affiliates are limited liability companies that have elected to be treated as a partnership for federal income tax purposes. The production affiliate has elected to be treated as a C-corporation. Under federal law, the taxable income or loss of a partnership is allocated to its members.

A C-Corporation, on the other hand is taxed on its taxable income, which for federal basis has 280E limitation, causing a tax assessment on essentially Gross Profit prohibiting the deduction of indirect (non-production) expenses. For state purposes, indirect expenses are permitted deductions.

FASB ASC Topic No. 740, "Accounting for Uncertainty in Income Taxes" ("ASC 740"), clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on de-recognition of tax benefits, classification on the combined balance sheet, interest and penalties, accounting in interim periods, disclosure and transition. The Company did not recognize any tax benefits from uncertain tax positions during the quarters ended March 31, 2019 and 2018.

As the Company operates in the cannabis industry, it is subject to the limits of Internal Revenue Code (IRC) Section 280E under which the Company is only allowed to deduct expenses directly related to the cost of sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. See also Note 12.

Revenue Recognition

In accordance with ASC 606, revenue is recognized at both Pure CA LLC and Seven Ten Management LLC when a company satisfies a performance obligation by transferring a promised good or service to a customer, which occurs when the customer obtains control of that good or service. A contract, whether a verbal or written sales order, is established with customers prior to order fulfillment with agreement upon unit prices, delivery dates, and payment terms. The transaction price is based on market pricing while considering the value of the Moxie brand and quality.

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The transaction price is allocated to each product sold based upon the negotiated unit sales price associated with each product line scheduled for delivery within the order. Satisfaction of our performance obligation occurs upon delivery to the customer's premises, the point of when risk of losses passes onto the customer.

For entities other than Pure CA, LLC, revenue is recognized entirely between the combined affiliates and is eliminated in the combined financial statements.

Legal Entity	Performance Obligation	Written Contract	Transaction Price
MXY Holdings LLC	Management Services	Management services contract	Contractually specified
2990 MLK Jr LLC	Real property lease	Lease Contract	Contractually specified
California Leasing & Consulting LLC	Equipment lease	Lease Contract	Contractually specified
Patrick Clio Equipment, LLC	Equipment lease	Lease Contract	Contractually specified
Seven Ten Holdings, LLC	IP brand license	License Contract	Contractually specified

The Company enters into exclusive distributor and license agreements through Seven Ten Holdings, LLC that are within the scope of ASC Topic 606. The license agreements generate royalties based the negotiated value of the brand IP over a 39-year period, subject to extension. Since the consideration for the initial license fee is for the right to sell the licensed product in the respective territory with no other required conditions to be met, revenue is recognized ratably over the term of the license agreement. For the quarters ended March 31, 2019 and 2018, the Company recognized approximately \$4k and 4K, respectively, of license revenue from a related party.

Cost of Goods Sold

Cost of goods sold (COGS) includes the costs directly attributable to the production of finished goods including raw materials, packaging costs, production labor, and applied overhead. The unit costs of COGS are estimated using standard costing, the basis of which is evaluated at least quarterly, or when there are material changes in the underlying manufacturing costs.

Shipping and Handling

Payments by customers for shipping and handling costs are included in revenue on the combined statements of operations. These costs are included in cost of goods sold. Shipping and handling for inventory is included as a component of inventory in the combined balance sheets, and in COGS in the combined statements of operations when the product is sold.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivables, purchase options, accounts payables and accrued liabilities, and notes payable. The carrying values of these financial instruments approximate their fair values as of March 31, 2019 and December 31, 2018, respectively.

MXV HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels during the quarter.

The carrying value of financial assets and liabilities recorded at fair value is measured on a recurring or nonrecurring basis. Financial assets and liabilities measured on a non-recurring basis are those that are adjusted to fair value when a significant event occurs. The Company had no financial assets or liabilities carried and measured on a nonrecurring basis during the reporting periods. Financial assets and liabilities measured on a recurring basis are those that are adjusted to fair value each time a financial statement is prepared. The Company had no financial assets or liabilities carried and measured on a recurring basis during the reporting periods. The carrying value of short-term financial instruments, including cash and cash equivalents, accounts receivable, purchase options, accounts payable and accrued expenses, and short-term borrowings approximates fair value due to the relatively short period to maturity for these instruments. The long-term borrowings approximate fair value since the related rates of interest approximates current market rates.

Related Parties

A party is considered to be related to the Company if the party directly or indirectly or through one or more intermediaries, controls, is controlled by, or is under common control. Related parties also include principal owners, management, members of the immediate families of principal owners and management and other parties if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. A party which can significantly influence the management or operating policies of the transacting parties, or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests, is also a related party.

Debt with Equity-linked Features

The Company may issue debt that has embedded conversion features. When applicable, the Company must first assess whether the conversion feature meets the requirements to be treated as a derivative. If the conversion feature within convertible debt meets this requirement the fair value of the convertible debt derivative is estimated using a Binomial Model, using the value on the date of issuance, the risk-free interest rate associated with the life of the debt, and the estimated volatility of the Company's units. If the conversion feature is not treated as a derivative, it may be a beneficial conversion feature ("BCF"). A BCF exists if the conversion price of the convertible debt instrument is less than the member units on the commitment date.

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

This typically occurs when the conversion price is less than the fair value of the units on the date the instrument was issued. The value of a BCF is equal to the intrinsic value of the feature, the difference between the conversion price and the Members' equity into which it is convertible. In accordance with ASC 470 (Debt) and ASC 505 (Equity), the Company performed such analysis for its convertible notes and determined that such notes are contingently convertible and, accordingly the embedded conversion feature shall not be recognized until the contingencies are resolved (see Note 8).

Derivative Liabilities

The Company evaluates convertible debt features or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under the relevant sections of ASC Topic 815-40, Derivative Instruments and Hedging: Contracts in Entity's Own Equity. This accounting treatment could result in the classification of fair value of a financial instrument as a derivative instrument and is marked-to-market at each combined balance sheet date and recorded as a liability. In this event, that change in fair value is recorded in the combined statement of operations as other income or other expense. Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. Financial instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815-40 are reclassified to a liability account at the fair value of the instrument on the reclassification date. We determined that the embedded conversion feature of the convertible debts meet the definition of a derivative but as the conversion features are contingent (see above), such derivatives are not recognized until such contingencies are resolved.

Share-based Payments

The Company issues profit interest units to its employees which are measured at their estimated fair market value on date of grant based on the estimated price of a unit of profit interest. Historical data and other relevant factors are used to estimate the fair market value. The Company estimated the total fair market value as of the grant date for all profit interest units granted through the quarter ended March 31, 2019 was approximately \$60k. There were no stock based compensation equity grants during the quarter ended March 31, 2018. The estimated fair market value of the profit interest units granted is recognized over their service periods. Management evaluated the profit interest units for debt versus equity classification and determined such units are to be classified as equity.

Sales & Marketing Expense

Advertising, promotional and selling expenses consisted of sales and marketing expenses, and promotional activity expenses. Sales and Marketing expenses mostly relate to event sponsorships and travel/lodging associated with marketing initiatives. Expenses are recognized when incurred and total \$129k and \$136k for the quarters ended March 31, 2019 and 2018, respectively.

General and Administrative Expense

General and administrative expenses consisted of professional service fees, rent and utility expenses, meals, travel and entertainment expenses, and other general and administrative overhead costs. Expenses are recognized when incurred and totaled \$1.0M and \$520k for the quarters ended March 31, 2019 and 2018, respectively.

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

FASB ASU 2018-07 – “*Compensation – Stock Compensation (Topic 718)*” – In June 2018, the FASB issued ASU 2018-07. This update is intended to reduce cost and complexity and to improve financial reporting for share-based payments issued to non-employees (for example, service providers, external legal counsel, suppliers, etc.). The ASU expands the scope of Topic 718, Compensation—Stock Compensation, which currently only includes share-based payments issued to employees, to also include share-based payments issued to non-employees for goods and services. Consequently, the accounting for share-based payments to non-employees and employees will be substantially aligned. This standard will be effective for financial statements issued by public companies for the annual and interim periods beginning after December 15, 2018. The Company adopted this standard on January 1, 2019, which had no material impact on the combined financial statements and related disclosures.

FASB ASU 2017-04 – “*Simplifying the Test for Goodwill Impairment (Topic 350)*” – In January 2017, the FASB issued 2017-04. The guidance removes “Step Two” of the goodwill impairment test, which required a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit’s carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The ASU is effective for annual reporting periods beginning after December 15, 2019, and for interim periods within those years, with early adoption permitted. Management does not currently expect this ASU to have a significant impact on the combined financial statements and related disclosures.

Non-employee Stock-based Compensation – In June 2018, the FASB issued ASU 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting*, which more closely aligns the accounting for employee and nonemployee stock-based compensation. Under the new standard, companies will no longer be required to value non-employee awards differently from employee awards. This accounting standard update will be effective beginning in the first quarter of fiscal 2020 using a modified retrospective approach. The Company anticipates that the new standard will not materially impact the Company’s combined financial statements.

Fair Value Measurement – In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*, which amends ASC 820, *Fair Value Measurement*. ASU 2018-13 modifies the disclosure requirements for fair value measurements by removing, modifying or adding certain disclosures. The accounting standard update will be effective beginning in the first quarter of fiscal 2021, with removed and modified disclosures to be adopted on a retrospective basis, and new disclosures to be adopted on a prospective basis. The Company is in the initial stages of evaluating the impact of the new standard on its combined financial statements.

3. GEOGRAPHIC BREAKDOWN OF SIGNIFICANT OPERATIONS

The Company’s operating segments are business units that manufacture and sell concentrates, extracts, and other cannabis-related products. These operating segments were determined by location of manufacturing and distribution facilities. Operating segments are defined as components of an enterprise for which separate financial information is available and which is evaluated regularly by Management in determining how to allocate resources and in assessing performance. The Company’s Chief Executive Officer, along with the assistance of the executive management team, has been identified as the chief decision maker. Management directs the allocation of resources to operating segments based on the profitability and cash flows of each respective segment.

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

3. GEOGRAPHIC BREAKDOWN OF SIGNIFICANT OPERATIONS (Continued)

The Company evaluates performance based on operating income. Administrative functions such as finance, treasury, and information systems are centralized. However, where applicable, portions of the administrative function expenses are allocated between the operating segments. The operating segments do not share manufacturing or distribution facilities. In the event any materials and/or services are provided to one operating segment by the other, the transaction is valued according to the company's transfer policy, which approximates market price. The costs of operating the manufacturing plants are captured discretely within each segment. The Company's property, plant and equipment, inventory, and accounts receivable are captured and reported discretely within each operating segment.

Summary financial information for operating segments by geographic location is as follows at March 31, 2019:

	California	Nevada	Other	Eliminations	Total
Gross Revenue	\$ 2,130,502	\$ 61,214	\$ 218,562	\$ (710,208)	\$ 1,700,070
Gross Profit	1,000,427	7,869	218,562	(103,385)	1,123,473
Gross Margin	47%	13%	100%		66%
Selling, General & Admin exp	1,122,335	6,666	35,305	30,891	1,195,197
Operating Income (Loss)	\$ (121,908)	\$ 1,203	\$ 183,257	\$ (134,276)	\$ (71,724)

Summary financial information for operating segments by geographic location is as follows at March 31, 2018:

	California	Nevada	Other	Eliminations	Total
Gross Revenue	\$ 1,972,841	\$ 125,756	\$ 232,049	\$ (742,435)	\$ 1,588,211
Gross Profit	722,745	21,885	186,633	(317,665)	613,598
Gross Margin	37%	17%	80%		39%
Selling, General & Admin exp	684,342	30,893	1,463	(34,879)	681,819
Operating Income (Loss)	\$ 38,403	\$ (9,008)	\$ 185,170	\$ (282,786)	\$ (68,221)

4. INVENTORY

As of December 31, 2018, and March 31, 2019, inventory consisted of:

	March 31, 2019	December 31, 2018
Raw Materials	\$ 528,897	\$ 543,432
Work in Process	1,530,086	1,431,291
Finished Goods	848,217	550,102
Total Inventory	\$ 2,907,200	\$ 2,524,825

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

5. CONSTRUCTION IN PROGRESS (CIP)

CIP consists of initial costs associated with construction of manufacturing facilities, including material, equipment and interest expenses. When CIP is finished the assets will be transferred to facilities assets. No provision for depreciation is made on CIP until such time that the relevant assets are available and ready to use.

In August 2018, the Company, through one of its 2990 MLK Jr LLC affiliate, engaged an outside contractor to buildout its California manufacturing facility in Lynwood, CA. The project is budgeted to complete at a cost of approximately \$4,900,000, with construction projected for completion in August 2019. To date the cost incurred totaled approximately \$2,200,000 with an estimate to complete of approximately \$2,700,000.

Once completed, California cannabis production will transition into the newly renovated 10,600 square foot facility. Amounts payable to the general contractor as of March 31, 2019 is \$690k, and the current retention payable balance is \$147k.

6. INVESTMENTS IN BUSINESS VENTURES

The Company has investments in two private business ventures in the Pennsylvania cannabis market, providing both business and product consulting support as needed to the onsite management team, as well as the license of its Brand, Moxie. The two Pennsylvania based investments include: “Company A”, a cannabis cultivator and processor servicing the Pennsylvania medicinal cannabis market and “Company B”, a real estate and equipment lessor supporting the local cannabis manufacturing operations.

The Company, through contribution agreement, has the right to acquire 17.18% of Company A, conditional on final regulatory approval, and 31.65% of Company B, respectively. Major decisions for both Company A and Company B require the unanimous consent of the respective boards, which involve senior MXY employees on both boards, resulting in MXY’s ability to exercise influence over both entities. Accordingly, the equity method of accounting is the most appropriate method for the Company’s current investment interests. The Company acquired both investments through the use of its brand and processing expertise to local partners in Pennsylvania, along with small cash contributions in Company A and an IP brand contribution in Company B. These investments were established at the formation of Company A in February 2017 and Company B in July 2017. These investments were held through common ownership by Moxie investors who agreed to exchange the investment for equity in MXY Holdings during a legal reorganization completed in April 2019 (see Note 13). A roll forward of the Company’s investments in these entities for the period ended March 31, 2019 is as follows:

	Company A	Company B	Combined
Balance at 12/31/18	\$ (218,570)	\$ 853,765	\$ 635,195
Contributions			-
Allocable share of profits	(52,710)	154,805	102,095
Balance at 3/31/19	\$ (271,280)	\$ 1,008,570	\$ 737,290

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

6. INVESTMENTS IN BUSINESS VENTURES (Continued)

During the quarters ended March 31, 2019 and 2018, the Company, through its Seven Ten Holdings, LLC affiliate, recognized revenue for the use of its IP brand license to Company B of approximately \$4k for each quarter. Moreover, the Company agreed to provide management support such as sales and marketing, operational, and quality control oversight support to Company B during the quarters ended March 31, 2019 and 2018, recognizing revenue of approximately \$108k and \$60k, respectively. Management support fees are billed on a monthly basis, through the quarters ending March 31, 2019 and 2018, at \$36k and \$20k per month, respectively. All management support fees billed were collected as of March 31, 2019.

A summary of unaudited financial information of the unconsolidated business ventures, provided by Company A and Company B, is as follows at March 31, 2019 and March 31, 2018:

	As of March 31, 2019			As of December 31, 2018		
	Company A	Company B	Total	Company A	Company B	Total
Total Assets	3,052,639	13,911,309	16,963,948	3,034,562	13,464,705	16,499,267
Total Liabilities	4,674,540	75,788	4,750,328	4,349,654	1,091,827	5,441,481
Business Venture Equity	(1,621,902)	13,835,521	12,213,620	(1,315,092)	12,372,878	11,057,786
Total Liabilities and Business Venture Equity	<u>\$ 3,052,639</u>	<u>\$13,911,309</u>	<u>\$16,963,948</u>	<u>\$ 3,034,562</u>	<u>\$13,464,705</u>	<u>\$16,499,267</u>

	Quarter-ended March 31, 2019			Quarter-ended March 31, 2018		
	Company A	Company B	Total	Company A	Company B	Total
Net Income/(Loss)	<u>\$ (306,809)</u>	<u>\$ 489,117</u>	<u>\$ 182,308</u>	<u>(122,800)</u>	<u>(14,312)</u>	<u>(137,112)</u>

Summary of MXY's investment in unconsolidated earnings of Business Ventures	17.18%	31.65%		17.18%	31.65%	
	(52,710)	154,805	102,095	(21,097)	(4,530)	(25,627)

The proportionate share of MXY's March 31, 2019 and 2018 earnings was recorded in the Combined Statements of Operations. The Company's policy is that the investment will be reduced below zero at times as management believes the investee operations will ultimately be profitable in the short term and long term. The Company does not believe the investment is impaired nor is the Company obligated to make any capital contributions for its negative investment.

Colombian Investment

During December 2018, the principals of Cannacol S.A.S. (Cannacol), a simplified stock company organized in Colombia and MXY entered into a purchase rights agreement which grants MXY the right to purchase all the outstanding shares of stock of Cannacol for \$450k. Management has determined the estimated fair market value of the rights agreement option was immaterial on the date of grant and March 31, 2019.

The Company has incurred and expensed legal and consulting fees to evaluate this opportunity and to register its seeds within Colombia. In addition, by verbal agreement, MXY Holdings LLC agreed to provide \$5,000 of monthly funding to Cannacol to keep the farm functioning and operational until the option expired. The Company currently has \$26,000 of capitalized costs in Other Current Assets representing the cost to purchase and register cannabis seed in Colombia.

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

6. INVESTMENTS IN BUSINESS VENTURES (Continued)

The Company is not obligated to exercise the purchase right and is in the process of evaluating whether to exercise this right. The rights agreement matures in September 2019.

7. PROPERTY AND EQUIPMENT

In February 2019, the Company, through its Pure CA LLC affiliate, suffered a fire in its California temporary manufacturing facility in Lynwood, California. Inventory with a cost of \$19k and equipment with a cost of \$236k and net book value of \$136k were destroyed. Cleanup costs incurred totaled \$21k.

In May 2019, the Company received \$370k from insurance proceeds related to the above fire resulting in an economic gain of \$39k.

As of March 31, 2019, and December 31, 2018, property and equipment consisted of the following:

	March 31, 2019	December 31, 2018
Manufacturing Equipment	\$ 684,417	\$ 859,411
Office Furniture & Equipment	446,498	438,255
Vehicles	104,837	19,402
 Tenant Improvements	 205,514	 205,514
Building	987,277	987,277
Land	1,974,553	1,974,553
Total Property & Equipment	<u>4,403,096</u>	<u>4,484,411</u>
 Less: Accumulated Depreciation	 (382,571)	 (385,455)
Property & Equipment, Net	<u>\$ 4,020,525</u>	<u>\$ 4,098,956</u>

Depreciation expense of \$65,126 and \$25,999 was recorded for the quarters ended March 31, 2019, and 2018, respectively.

8. NOTES PAYABLE

Convertible Notes

In January 2018, debt financing totaling \$3 million was provided by an outside investor to fund the purchase of the land and real estate for the California manufacturing facility. The initial investment was structured as a secured, convertible debt bearing interest at 7.5% per annum, compounded monthly with a maturity date of March 1, 2018. In June 2018, pursuant to a Settlement and Release Agreement (SRA), the Company and the Note holder agreed to rescind the transaction, resulting in the conversion features being eliminated, the debt being paid in full including interest of \$296,000. The Company incurred legal and other transaction fees of \$563k, of which \$102k was recorded in General and Administrative expenses on the Statement of Operations during the quarter ended March 31, 2019. In connection with the SRA, the Company entered into a note payable of \$563k to settle a portion of the additional fees to be paid over a 10 months period. The note was originally collateralized by a deed of trust on the building purchased. The balance was paid in monthly installments through April 2019, at which time the note was paid in full using the restricted cash described in Note 2. The lien on the building was released once the debt was paid in full.

MXV HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

8. NOTES PAYABLE (Continued)

As of March 31, 2019 and December, 31, 2018, convertible notes payable consists of five notes totaling \$7.3M and \$7.2M, respectively, of which accrued interest totaled \$0.3M and \$0.2M, respectively. The two largest note holders are actively participating in management of the Company. The convertible notes accrue interest at a rate of 7% per annum and require principal and interest to be paid by the maturity date or under a conversion event.

The Notes are secured by all of the assets, tangible and intangible, of the Company. No payments were made in the first quarter 2019 relating to convertible debt. The balance of the convertible notes are summarized as follows:

Terms of Convertible Notes

Effective Date	Maturity Date	Annual Interest	Convertible Debt	Accrued Interest 3/31/19	Accrued Interest 12/31/18
June 11, 2018	June 11, 2019	7%	\$ 3,450,000	\$ 193,862	\$ 134,314
June 11, 2018	June 11, 2019	7%	1,200,000	67,430	46,718
October 29, 2018	October 29, 2019	7%	1,620,000	19,573	19,573
October 29, 2018	October 29, 2019	7%	700,000	20,540	8,458
October 29, 2018	October 29, 2019	7%	30,000	880	362
		Total	\$ 7,000,000	\$ 330,247	\$ 209,425

Interest expense for the quarters ended March 31, 2019 and 2018 totaled \$129k and \$79k, respectively.

The lender understands that the notes and the conversion securities have not been will not be registered under the Securities Act and that they are “restricted securities” under applicable US federal and state securities laws. The lender must hold the conversion securities indefinitely unless they are registered with the Securities and Exchange Commission and qualified by state authorities or unless an exemption from such registration and qualification requirements is available

Contingent Conversion

Upon qualified financing (equity sales greater than \$5M), the notes automatically convert to Series C units. In the event a qualified financing does not occur, the note holder may elect by written notice to the Company with 30 days following the maturity date, to convert all unpaid principal payable due into Series C equity of the Company. Whether under a qualified financing or note holder election, all accrued and unpaid interest and the extension fee, if any, shall be immediately due and payable. The number of Series C units issuable are determined by a set formula set out in the convertible debt agreement. As the conversion features are contingent and were not resolved by March 31, 2019, the Company has not recorded the embedded conversion features within the convertible notes in accordance with ASC 470 (Debt). All convertible notes were converted subsequent to March 31, 2019 due to a qualified financing. In exchange for the notes, note holders received 885k Series-C Preferred units. See Note 13.

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

8. NOTES PAYABLE (Continued)

Security Interest, Guarantees and Acceleration on Event of Default

The Company granted lenders a continuing security interest in the collateral of the Company. Any amounts owed to lenders after the effective date shall be secured by the first priority perfected security interest in the collateral of the Company. In addition to the security interest granted, the obligations under these notes shall be guaranteed by the Company. At any time after Lender becomes aware of an Event of Default, the holders may accelerate all of the payment obligations including all outstanding principal, any accrued but unpaid interest, the Extension Fee, if any, and reasonable expenses of collection. In lieu of payment, the Required Holders may alternatively elect to instead convert the Outstanding Balance into a number of Series C Units determined by a set formula set out in the convertible debt agreements. At any time following the occurrence of an Event of Default, interest shall accrue on the Outstanding Balance beginning on the date the applicable Event of Default occurred at an interest rate equal to the lesser of fifteen percent (15%) per annum or the maximum rate permitted under Applicable Law.

Promissory Note

In June 2018, to cover legal fees associated with the buyout of a prior investor (see convertible note extinguished above), the Company entered into a promissory note payable to the investor in the amount of \$563k with simple interest accruing on the outstanding principal balance of the note at an annual rate of 10% from and after June 1, 2018. In accordance with the note, the Company paid \$47k monthly towards principal, and an additional amount for interest depending on the note balance outstanding during the quarter ended March 31, 2019. The final payment on this note, which will equal the entire outstanding principal balance of this note, together with all accrued and unpaid interest thereon will be due and payable on May 1, 2019.

As of March 31, 2019 and December 31, 2018, there was an outstanding note payable to the former member of approximately \$43k and \$184k, respectively. In accordance with the note, the monthly payments required were made and the note was paid in full in April 2019. This outstanding balance is reserved in the restricted cash balance of approximately \$47k and \$191k at March 31, 2019 and December 31, 2018, respectively.

9. MEMBERS' EQUITY (DEFICIT)

The Company's first three affiliates included in this combined statement: Seven Ten Holdings, LLC, Patrick Clio, LLC and Seven Ten Management, LLC, operated in both California and Nevada. These affiliates were owned by the Founders through 2018 and were operated as partnerships.

Pure CA, LLC, the California manufacturing entity, which was formed in 2017, began operations until January 2018, and was a single member LLC owned by 89 Emerald LLC. 2990 MLK JR LLC was also formed in 2017 to acquire real estate for California operations, and was formed as a single member LLC owned by Lams Holdings LLC. California Leasing and Consulting, LLC was formed to be the California equipment lessor owned as a single member LLC with all units owned by one individual investor. The three of these LLC's mentioned were held as nominee interests, whereby the investors agreed to exchange their interest in these entities for the equity to be received in MXY Holdings LLC upon completion of the legal rollup. See Note 13.

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

9. MEMBERS' EQUITY (DEFICIT) (Continued)

MXY Holdings LLC has three classes of equity including Series A, Series B, and Profit Sharing interests. Series A and B have 70.4% and 28.3% of the outstanding equity, respectively as of March 31, 2019. Series A and B members both have two voting board members each on a four-member board of managers. Profit Sharing interests do not participate in voting rights. As Series B members represented the convertible note holders, their consent is required on material decisions affecting the company, such as the adoption of material contracts, materials changes in the scope of Company's business, and corporate refinancing's.

Violet Holdings LLC was formed in July 2018 to acquire processing and cultivation licenses in state of New Jersey. No operations have commenced as of March 31, 2019. MXY Holdings LLC owns, through its affiliate Anacapa NJ, LLC, 62.5% of the Series A Units, with the remainder owned by a related party, who holds a non controlling interest. Currently the board composition has not been determined given that Violet Holdings has yet to commence any significant operations.

The following table describes the ownership of the Company and its Affiliates at March 31, 2019.

Entity	Owner	%
MXY Holdings, LLC	Series A	70.4%
	Series B	28.3%
	Profits Interest - Series B	1.3%
Pure CA, LLC	89 Emerald, LLC	100%
2990 MLK Jr, LLC	Lams Holdings, LLC	100%
Patrick Clio Equipment, LLC	Founders	100%
California Leasing & Consulting, LLC	Individual Investor as Nominee	100%
Seven Ten Holdings, LLC	Founders	100%
Seven Ten Management, LLC	Founders	100%
Violet Holdings, LLC	YOI NJ, LLC	37.5%
	MXY Holdings, LLC	62.5%

No contributions or distributions were made to owners during the quarter ended March 31, 2019. The following table summarizes the changes in equity by individual entity combined within the Company.

	MXY	2990	PCA	PCE	CLC	STM	VH	STH	Total
Balance at 12/31/18	\$ (2,470,773)	\$ (1,277,587)	\$ 1,764,624	\$ 287,369	\$ 368,038	\$ 284,094	\$ (71,040)	\$ 389,555	\$ (725,720)
Vesting of Profit Interest Units	3,563	-	-	-	-	-	-	-	3,563
Net (Loss) Income	(693,616)	(46,179)	578,738	(137,039)	(35,502)	1,346	189,508	(20,967)	(163,712)
Balance at 3/31/19	\$ (3,160,826)	\$ (1,323,766)	\$ 2,343,362	\$ 150,330	\$ 332,536	\$ 285,440	\$ 118,468	\$ 368,588	\$ (885,869)

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

9. MEMBERS' EQUITY (DEFICIT) (Continued)

Share Based Compensation

During the quarter ended March 31, 2019, the Company granted a 42,500 units of Class B Profit Interest to various members of management and consultants, the "Grantees", representing 0.8% of the total equity of the Company at March 2019. The Grantees shall not have any of the rights of a Member with respect to these units unless vested in accordance with the terms of this Agreement. The Profits Interests units require no capital contribution, and only share in future profits and losses, up to previously allocated profits, and the value of liquidation events. MXY Holdings determined that the estimated fair market value of the Profits Interests, using the latest enterprise valuation, granted during the quarter ended March 31, 2019 was approximately \$31k. These Profit Interests vest within 4 years of issuance, or immediately upon a liquidation event. In the event of voluntary termination, or termination with cause, the holder loses all future rights to the unvested Profit Interests. Such Profit Interests were issued in accordance with the terms of the Operating Agreement.

The table below describes the stock-based compensation expense and units issued through the quarter ended March 31, 2019. The Company did not issue any Profits Interest Units prior to Q4'2018.

Employee	Units Granted	Units Vested	Units Unvested	Estimated Market Vaue	Comp Expense	Unrecognized Stock Compensation
PIU Grants, Q1'19	25,000	6,510	18,490	\$18,000	\$3,563	\$14,438
PIU Grants, Q4'18	25,000	4,167	20,833	\$29,750	\$0	\$29,750
PIU Grants, Inception to Date	50,000	10,677	39,323	\$47,750	\$3,563	\$44,188
Outside Advisor	Units Granted	Units Vested	Units Unvested	Estimated Market Vaue	Outside Service Expense	Unrecognized Service Expense
PIU Grants, Q1'19	17,500	-	17,500	\$12,600	\$0	\$12,600
PIU Grants, Inception to Date	17,500	-	17,500	\$12,600	\$0	\$12,600

From the date of grant, the Company will treat the Grantees as the owners of the units when calculating the distributive share of Company income, gain, loss, deduction, and credit in computing the Grantees' income tax liability for the entire period during which the Grantees own the Profits Interest Units. There were no grants of Class B Profits Interest during the quarter ended March 31, 2018.

10. COMMITMENTS AND CONTINGENCIES

Lease Commitments: Right-of-Use Assets

The Company has capitalized operating leases for its corporate offices in accordance with ASC 842. The leases have remaining terms of less than four years expiring in July 2022. As of March 31, 2019 and December 31, 2018, assets recorded under operating leases totaled \$545,922 and \$585,017, respectively, and accumulated amortization associated with these leases totaled \$242,994 and \$203,900, respectively. As of March 31, 2019 and December 31, 2018, operating lease obligations included in other current liabilities totaled \$178,023 and \$175,959, respectively, and operating lease obligations included in other long-term liabilities totaled \$453,578 and \$499,864, respectively. Operating lease expense is recorded in Operating Expenses on the on the Statement of Operations and the components of Operating Lease expense are as follows:

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

10. COMMITMENTS AND CONTINGENCIES (Continued)

	Quarter-ended March 31, 2019	Year-ended December 31, 2018
Operating Lease Cost	\$ 42,728	\$ 168,467
Cash Paid for amounts included in the measurement of Operating Lease Liabilities	\$ 46,671	\$ 181,227
Right of Use Assets obtained in exchange for Operating Lease Obligations	\$ 545,922	\$ 585,017
Remaining lease term	3.4yrs	3.6yrs
Discount rate	2.25%	2.25%

Future obligations of Operating Leases

Minimum Lease Payments are as follows:

2019	\$ 142,348
2020	194,690
2021	200,530
2022	118,998
Total Lease Payments	656,565
Less imputed interest	(24,964)
Operating Lease Liabilities	\$ 631,601
Current Portion of Lease Liabilities	\$ 178,023
Long-Term Portion of Lease Liabilities	\$ 453,578

Minimum lease payments due in 2019 of \$142k reflect balances due from April-December 2019.

Contingencies

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its consolidated operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulation as of March 31, 2019, marijuana regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties or restrictions in the future.

In August 2018, the Company, through one of its affiliates, engaged an outside contractor to buildout its California manufacturing facility in Lynwood, CA. As of August 2019, the buildout plans are pending Los Angeles County Fire review and approval of designated processing equipment. As the construction is estimated for completion in October 2019, the Company faces a potential risk of delayed occupancy until County Fire approval has been granted. The quantification of loss associated with this risk is the loss of potential earnings and suspended manufacturing growth by remaining in the temporary, onsite manufacturing facility longer than anticipated.

MXV HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

10. COMMITMENTS AND CONTINGENCIES (Continued)

The Company engaged the law firm Buchalter, a Professional Corporation, for certain matters in late 2017 and Q1' 2018, including the convertible notes in that same quarter. Buchalter was subsequently replaced as counsel and the Company received invoices over which it initiated an arbitration proceeding disputing such fees and making a claim for damages. Management has a high level of confidence in recouping its expenses and losses. The downside would be paying the invoice in the amount of \$250k or less.

Marijuana is currently a Controlled Substances Act Schedule I drug as defined by federal law and is therefore, considered an illegal activity under federal statute. Civil and criminal punishment can be assessed against the Company and anyone who sells, holds, grows, or imports-controlled substances. Schedule I of the Controlled Substances Act lists drugs, including marijuana, that the federal government has determined to have; 1) a high potential for abuse, 2) no currently accepted medical use in the United States, and 3) lack of safety for use even under medical supervision. Although the United States Department of Justice has been encouraged not to prosecute marijuana distributors who comply with state and local laws, the federal law is still effective and the Drug Enforcement Agency can investigate, and even raid, marijuana business that are legal under state and local statutes and regulations. If this were to occur, the Company would experience a material adverse effect on its financial condition, results of operations, and cash flows.

Some employment contracts and offer letters do provide for severance in the case of involuntary terminations without cause. The severance payouts range from one to six months of base salary. There are no severance commitments and liabilities as of March 2019.

Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of March 31, 2019, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's consolidated operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

11. RELATED PARTY TRANSACTIONS

The Company purchases some packaging on behalf of both its affiliates and investment partners as part of its branding agreements. The Company sold approximately \$138k to its unconsolidated business venture partners during 2019, of which \$10k remains an outstanding receivable as of March 31, 2019. No packaging was sold to affiliates during the first quarter ended March 31, 2018.

The Company provides sales and marketing, operational, and quality oversight support to its business venture, Company B. During the quarters ended March 31, 2019 and 2018, the Company recognized revenue of approximately \$108k and \$60k, respectively, relating to such services provided recorded in Revenue, of which the entire amount was paid in full as of March 31, 2019.

At the start of 2018, the Company acquired \$519k of raw materials and WIP inventory from an entity associated with the Founders. This balance remained open through March 31, 2019 and is included in accrued liabilities in the accompanying combined balance sheet.

MXV HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

11. RELATED PARTY TRANSACTIONS (Continued)

The Company records deferred revenue from an investment partner in connection with an IP License agreement. At March 31, 2019, related party deferred revenue totaled \$573k with \$558k recorded in long-term liabilities and \$15k recorded in short-term accrued liabilities. At December 31, 2018, related party deferred revenue totaled \$576k, with \$562k in long term liabilities and \$15k recorded in short-term liabilities.

Advisory fees are paid to companies who are also principal members in the Company. The balance incurred was approximately \$100k during the quarter ended March 31, 2019, and \$50k during the quarter ended March 31, 2018. The amounts outstanding at March 31, 2019 and December 31, 2018 were \$448k and \$348k, respectively, and is included in the accompanying balance sheet under accrued liabilities.

The table below summarizes the related party activity for the quarter ended March 31, 2019.

Description	Counterparty	Revenue	Expense
IP Licensing Revenue	Company B	4,000	-
Management Fees Earned	Company B	108,000	-
Packaging Revenue	Company A	138,000	(131,100)
Advisory Fees	Members	-	(99,500)
Product Purchases	Members	-	-

The table below summarizes the related party activity for the quarter ended March 31, 2018.

Description	Counterparty	Revenue	Expense
IP Licensing Revenue	Company B	4,000	-
Management Fees Earned	Company B	60,000	-
Advisory Fees	Members	-	(49,750)
Product Purchases	Founders	-	(519,000)
Product Sales	FOB	237,835	-

12. INCOME TAXES

The Company accrued \$89k and \$85k for income taxes in Q1 2019 and Q1 2018, respectively, based on IRC 280E regulations and gross margins.

13. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through August 15, 2019, which is the date these combined financial statements were available to be issued. All subsequent events requiring recognition as of March 31, 2019 have been incorporated into these combined financial statements.

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

13. SUBSEQUENT EVENTS (Continued)

Legal Roll Up

In early April 2019, the Company completed its legal transformation whereby investors of individual affiliate companies exchanged all or part of their equity units in specific LLC's for the equity units of MXY Holdings LLC. The result was the formation of a controlled group with MXY Holdings LLC as the parent company, and former affiliates now became subsidiaries. The new structure simplifies the relationship among the companies for legal, tax, and accounting purposes. Concurrent with the effective date of the legal rollup, the Company converted all remaining wholly owned subsidiaries to c-corporations for tax filing purposes.

Nevada Investment

In late April 2019, the Company executed both an advisory and brand license agreement with the principals of a Nevada company with the licenses to cultivate and produce both recreational and medicinal cannabis products in the state of Nevada. The advisory agreement provides the Company with monthly fees in exchange for managerial assistance on improving the quality of their operations and financial results. A share transfer agreement and a new operating agreement, giving the Company a percentage of equity for the use of its brand and expertise, is anticipated for July 2019 with an effective date back to May 2019.

Capital Raise & Conversion of Convertible Notes

The capital raise was funded in mid-May 2019 totaling \$43M consisting of newly issued convertible debt of \$36M and Series C preferred equity of \$7M. The funding of the capital raise triggered the conversion of existing convertible notes payable into series C preferred units and payoff of the convertible notes accrued interest of \$383,945. The Series C preferred units are at an effective purchase price of \$7.9128 per unit and/or by purchase and sale for cash at a purchase price of \$19.5503 per unit. The units are part of an offering by the company of up to 1,242,694 units resulting from the conversion of the principal outstanding pursuant to the convertible notes and purchase and sale of up to an additional \$7M of units.

Additional funds of \$514,083 were used to pay off some accrued expenses. The remaining funds from the capital raise will be used for company growth initiatives from unrelated third parties.

Formation of MXY Universal, LLC

In May 2019, MXY Universal, LLC was formed for the purpose of manufacturing CBD products for sale to wholesale customers. MXY Universal, LLC is a wholly-owned subsidiary of MXY Holdings, LLC, and commenced operations in June 2019.

Execution of Business Combination Agreement

In July 2019, MXY Holdings LLC entered into a Securities Acquisition and Contribution Agreement with Green Growth Brands Inc ("GGB"). GGB is public company traded on the Toronto Stock Exchange and operates through two principal segments: producing/selling CBD-infused personal care products and cultivation/production/distribution/ retail of cannabis products. The Acquisition Agreement provides for the creation of a Canadian limited partnership, of which GGB as the general partner, which will acquire the operating company of GGB and the outstanding units of MXY. The equity purchase price of \$310 million, satisfied by the issuance of GGB Common Shares or Exchangeable LP Units.

MXY HOLDINGS LLC AND AFFILIATES
Notes to The Combined Financial Statements (Continued)
For the Quarters Ended March 31, 2019 and 2018

13. SUBSEQUENT EVENTS (Continued)

As part of the agreement, MXY has agreed to lend GGB \$5M at an annual interest rate of 6% in order to fund certain pending acquisitions. This loan is scheduled to mature in July 2022. The closing of this transaction is expected to occur within six months, subject to various closing conditions.

The Moxie Agreement may be terminated in certain circumstances including by mutual agreement of the parties; by either party for a significant breach by the other party that would cause the closing conditions not to be met; by either party if the Moxie Business Combination has not been effected by June 30, 2020; by Moxie, if it does not receive a legal opinion from counsel regarding the United States federal income tax consequences of the exchange of certain units of Moxie for Exchangeable LP Units (the “Opinion Termination”); or, by GGB, if GGB enters into an agreement regarding an acquisition transaction (the “Acquisition Termination”). Subject to the terms and conditions set out in the Moxie Agreement, if either party terminates as a result of a significant breach by the other party, the breaching party will pay a termination fee of US\$10,000,000 or if the Moxie Agreement is terminated by Moxie in the event of an Opinion Termination, it will pay GGB a termination fee of US\$10,000,000. If the Moxie Agreement is terminated by GGB in the event of an Acquisition Termination, GGB will pay to Moxie a termination fee of US\$17,500,000. GGB will satisfy payment of its termination fee, in either case, in Common Shares, and Moxie will satisfy payment of its termination fee, in either case, through forgiveness of the Moxie Loan (as defined herein) and a cash payment

Arizona Advisory Fee Agreement

In July 2019, the Company, through its Anacapa AZ, LLC subsidiary, signed an advisory fee agreement with a licensed cultivator and processor in the state of Arizona. The agreement permits the license holder to cultivate and process Moxie products in exchange for a profit sharing on products sold including a management fee. This arrangement will be fully operationalized once the license holder finishes the planned expansion of its operating facility in Q4’ 2019.

GREEN GROWTH BRANDS

Green Growth Brands Inc. (formerly Xanthic Biopharma Inc.)
Pro Forma Consolidated Financial statements of the Combined Company

As at March 31, 2019
(In United States Dollars)

INDEX TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

1. Pro Forma Consolidated Statement of Financial Position
2. Pro Forma Consolidated Statement of Net Loss and Comprehensive Loss
3. Notes to Pro Forma Consolidated Financial Statements

GREEN GROWTH BRANDS INC. (formerly Xanthic Biopharma Inc.)
Pro Forma Condensed Consolidated Statement of Financial Position
As at March 31, 2019
(unaudited)

	GGB 31-Mar-19 (USD)	MXV Holdings 31-Mar-19 (USD)	Notes	Pro forma Adjustments (USD)	Pro forma Consolidated (USD)
Assets					
Current Assets					
Cash and cash equivalents	\$ 5,466,451	\$ 901,537	2 a) b) c) d) e) f) g) h)	\$ 79,853,450	\$ 86,221,438
Restricted cash	-	47,144		-	47,144
Short term investments	28,108,916	-	2 a)	(28,108,916)	-
Receivables	461,495	678,495	2 b)	52,756	1,192,746
Prepays expenses	4,043,829	94,741	2 e)	13,467	4,152,037
Inventory	6,207,027	2,907,200	2 b) e)	549,269	9,663,496
Biological assets	500,521	-	2 b)	2,363,623	2,864,144
Note receivable	46,370	-		-	46,370
Other receivables	1,044,911	-		-	1,044,911
Deferred lease charges	727,518	-		-	727,518
Due from related parties	30,366	-	2 b)	(3,990)	26,376
	46,637,404	4,629,117		54,719,660	105,986,181
Non-Current Assets					
Property and equipment, net	3,931,168	4,020,525	2 b) e)	3,521,676	11,473,369
Deposits and other assets	3,184,233	-	2 b)	(1,000,000)	2,184,233
Deferred lease charges	2,788,819	-		-	2,788,819
Construction in progress	-	2,228,715		-	2,228,715
Investments in joint ventures	-	737,290		-	737,290
Right-of-use assets	-	545,922		-	545,922
Deferred tax assets	-	107,608		-	107,608
Other assets	-	60,237	2 e)	19,338	79,575
Note receivable	21,109,553	-		-	21,109,553
Intangible assets	39,477,074	-	2 b) e) f) h)	303,568,500	343,045,574
Goodwill	26,332,480	-	2 b)	60,744,190	87,076,670
	\$ 143,460,731	\$ 12,329,414		\$ 421,573,364	\$ 577,363,509
Liabilities					
Current Liabilities					
Accounts payable and accrued liabilities	\$ 7,238,703	\$ 4,652,890	2 b) e) h)	\$ 5,986,698	\$ 17,878,291
Income taxes payable	287,978	-		-	287,978
Operating lease liability	-	178,023		-	178,023
Note payable	15,553,728	42,854	2 a) e)	14,032,070	29,628,652
Derivative liability	-	-	2 d)	3,830,821	3,830,821
Convertible debenture	-	7,330,246	2 d) f)	70,292,795	77,623,041
	23,080,409	12,204,013		94,142,384	129,426,806
Long-term liabilities					
Convertible debenture	-	-		17,200,000	17,200,000
Operating lease liability - non current	-	453,578		-	453,578
Deferred revenue	-	557,692		-	557,692
	-	1,011,270	-	17,200,000	18,211,270
Shareholders' Deficiency					
Share Capital	137,135,288	-	2 a) c) f) g) h)	348,002,833	485,138,121
Reserve for warrants	16,830,281	-	2 c) e) g)	(4,563,417)	12,266,864
Reserve for share based payments	1,702,983	-		-	1,702,983
Reserve for changes in equity of subsidiary	(2,837,500)	-		-	(2,837,500)
Deficit	(35,409,880)	(885,869)	2 a) d) f) h)	(33,208,436)	(69,504,185)
Accumulated other comprehensive loss	148,286	-		-	148,286
	117,569,458	(885,869)		310,230,980	426,914,569
Non-controlling interest	2,810,864	-		-	2,810,864
Total equity	120,380,322	(885,869)		310,230,980	429,725,433
	\$ 143,460,731	\$ 12,329,414		\$ 421,573,364	\$ 577,363,509

The accompanying notes are an integral part of these pro forma consolidated financial statements.

GREEN GROWTH BRANDS INC. (formerly Xanthic Biopharma Inc.)
Pro Forma Condensed Consolidated Statement of Net Income (Loss) and Comprehensive Income (Loss)
For the three months ended March 31, 2019
(unaudited)

	GGB 31-Mar-19	MXY Holdings 31-Mar-19	Notes	Pro forma Adjustments	Pro forma Consolidated
	(USD)	(USD)		(USD)	(USD)
Revenues	\$ 5,554,684	\$ 1,700,070		\$ -	\$ 7,254,754
Cost of goods sold	5,475,201	576,597		-	6,051,798
Gross Profit before fair value adjustments	79,483	1,123,473		-	1,202,956
Fair value change in biological assets included in inventory sold and other charges	932,191	-		-	932,191
Unrealized gain on changes in fair value of biological assets	(961,185)	-		-	(961,185)
Gross Profit	108,477	1,123,473		-	2,164,141
Operating expenses					
General and Administration	8,183,025	1,001,198	2 f)	500,000	9,684,223
Legal and professional fees	6,167,722	-		-	6,167,722
Sales and marketing	1,909,345	128,873		-	2,038,218
Stock based compensation	1,515,343	-		-	1,515,343
Depreciation and amortization	379,356	65,126		-	444,482
Other income	(1,058,785)	(23,444)		-	(1,082,229)
	17,096,006	1,171,753		500,000	18,767,759
Non-operating expenses					
Loss (gain) on equity investment	-	-		-	-
Interest expense	355,230	128,527	2 d)	61,322	545,079
Income from equity in joint ventures	-	(102,095)		-	(102,095)
Foreign exchange loss (income)	(393,077)	-		-	(393,077)
Unrealized/Realized gain on short term investments	(10,464,853)	-	2 a)	6,586,313	(3,878,540)
Transaction costs	8,651,438	-		-	8,651,438
Total Expenses	(15,136,267)	(74,712)		(7,147,635)	(21,426,423)
Listing and transaction fees	-	-		-	-
Net Income (Loss) before income taxes	(15,136,267)	(74,712)		(7,147,635)	(21,426,423)
Income taxes	287,978	89,000		-	376,978
	(15,424,245)	(163,712)		(7,147,635)	(21,803,401)
Other comprehensive Income (Loss)					
Exchange gain on translating foreign operations	-	-		-	-
Comprehensive Income (Loss) for the period	(15,424,245)	(163,712)		(7,147,635)	(21,803,401)
Net Loss and comprehensive loss attributable to:					
Owners of the parent	(15,410,051)	(163,712)		(7,147,635)	(22,721,398)
Non-controlling interest	(14,194)	-			(14,194)
	(15,424,245)	(163,712)		(7,147,635)	(22,735,592)
Net Income (loss) per common share					
Basic	(0.07)	n/a			(0.06)
Diluted	(0.07)	n/a			(0.06)
Weighted average number of shares outstanding					
Basic	205,498,545	n/a			358,113,167
Diluted	205,498,545	n/a			358,113,167

The accompanying notes are an integral part of these pro forma consolidated financial statements.

GREEN GROWTH BRANDS INC. (formerly Xanthic Biopharma Inc.)
Pro Forma Condensed Consolidated Statement of Net Income (Loss) and Comprehensive Income (Loss)
For the nine and twelve months ended March 31, 2019 and December 31, 2018
(unaudited)

		GGB 31-Mar-19	MXY Holdings 31-Dec-18	Notes	Pro forma Adjustments	Pro forma Consolidated
		(USD)	(USD)		(USD)	(USD)
Revenues	\$	8,555,129	\$ 5,534,034		-	\$ 14,089,163
Cost of goods sold		8,495,909	2,661,957		-	11,157,866
Gross Profit before fair value adjustments		59,220	2,872,077		-	2,931,297
Fair value change in biological assets included in inventory sold and other charges		1,525,861	-		-	1,525,861
Unrealized gain on changes in fair value of biological assets		(1,718,749)	-		-	(1,718,749)
Gross Profit		252,108	2,872,077		-	3,124,185
Operating expenses						
General and Administration		15,215,085	3,790,399		-	19,005,484
Legal and professional fees		10,224,614	-	2 f)	500,000	10,724,614
Sales and marketing		3,092,399	592,228		-	3,684,627
Stock based compensation		1,702,983	-		-	1,702,983
Depreciation and amortization		581,917	222,680		-	804,597
Other income		(1,067,021)	(219,653)		-	(1,286,674)
		29,749,977	4,385,654		500,000	34,635,631
Non-operating expenses						
Loss (gain) on equity investment		671,578	-		-	671,578
Interest expense		2,242,825	546,048	2 d)	61,322	2,850,195
Income from equity in joint ventures		-	(207,311)		-	(207,311)
Foreign exchange loss (income)		348,337	-		-	348,337
Unrealized/Realized gain on short term investments		(10,964,926)	-	2 a)	6,586,313	(4,378,613)
Transaction costs		9,651,438	-		-	9,651,438
Total Expenses		(31,447,121)	(1,852,314)		(7,147,635)	(40,447,070)
Listing and transaction fees		699,190	-		-	699,190
Net Income (Loss) before income taxes		(32,146,311)	(1,852,314)		(7,147,635)	(41,146,260)
Income taxes		663,596	233,839		-	897,435
		(32,809,907)	(2,086,153)		(7,147,635)	(42,043,695)
Other comprehensive Income (Loss)						
Exchange gain on translating foreign operations		148,286	-		-	148,286
Comprehensive Income (Loss) for the period		(32,661,621)	(2,086,153)		(7,147,635)	(42,191,981)
Net Loss and comprehensive loss attributable to:						
Owners of the parent		(32,634,985)	(2,086,153)		(7,147,635)	(41,868,773)
Non-controlling interest		(26,636)	-		-	(26,636)
		(32,661,621)	(2,086,153)		(7,147,635)	(41,895,409)
Net Income (loss) per common share						
Basic		(0.22)	n/a			(0.13)
Diluted		(0.22)	n/a			(0.13)
Weighted average number of shares outstanding						
Basic		147,855,104	n/a			317,755,993
Diluted		147,855,104	n/a			317,755,993

The accompanying notes are an integral part of these pro forma consolidated financial statements.

1. Background and basis of presentation

Background

On November 9, 2018, the company announced it had completed the previously announced business combination between Xanthic Biopharma Inc. (“Xanthic”) and Green Growth Brands Ltd. (“GGB”, and collectively with Xanthic the “Company”). The Company received listing approval on November 7, 2018 and commenced trading on the Canadian Securities Exchange (the “CSE”) on November 13, 2018 under the symbol “GGB”. For more information on this business combination and the subsequent listing on CSE see the Company’s listing statement as filed on www.sedar.com.

The Company’s registered office is 5300 Commerce Court West, 199 Bay Street, Toronto, ON, M5L 1B9 and its principal place of business is 4300 E. Fifth Avenue, Columbus, OH 43219.

Description of the Transaction

On July 8, 2019 GGB entered into a securities acquisition and contribution agreement (the “Moxie Agreement”) with, among others, Moxie Holdings LLC (“Moxie”), under which GGB LP, of which GGB will be the general partner, will acquire the operating companies of GGB and the issued and outstanding units of Moxie, an arm’s length third party, in an all-equity interest transaction. As part of the Moxie Business Combination, GGB will also be directly or indirectly acquiring shares of MXY C, INC. (“MXY C”) and MXY D, INC. (“MXY D”), Delaware entities within the Moxie structure, and Moxie’s equity interests in two entities, PurePenn LLC and Pure CA, LLC (collectively, the “Pure Entities”), with which Moxie has current contribution agreements (subject to regulatory approval).

The Moxie Business Combination is structured to include the formation of GGB LP, a new Ontario limited partnership of which GGB will be the general partner, with the operating companies of GGB being placed under the partnership (the “Reorganization”). The equity consideration of the Moxie Business Combination is \$310,000,000 (the “Equity Consideration”). Payment of the Equity Consideration will be satisfied through the issuance of Common Shares and/or exchangeable limited partnership units in GGB LP (“Exchangeable LP Units”) as follows: (i) through the issuance of Common Shares to the shareholders of MXY C and MXY D; (ii) through the issuance of either Common Shares and/or Exchangeable LP Units to the unitholders of Moxie; and (iii) through the issuance of Exchangeable LP Units to the holders of the Pure Entities (or, in the alternative, Moxie may acquire the interest in the Pure Entities for units in the capital of Moxie, prior to the closing of the Moxie Business Combination). The Exchangeable LP Units are exchangeable into Common Shares on a one-for-one basis for no additional consideration; however, the Exchangeable LP Units may not be exchanged for Common Shares for the first year following the closing of the Moxie Business Combination.

The total number of securities issuable as payment under the Moxie Business Combination is equal to that number determined by dividing the Equity Consideration by the 30-day volume-weighted average price (“VWAP”) of Common Shares ending on the third trading day prior to the closing (the “Closing VWAP”) (but in no case will the Closing VWAP be less than \$2.07 or greater than \$3.45 (being the equivalent to CAD\$2.71 and CAD\$4.52, based on the Bank of Canada exchange rate as of July 5, 2019)).

Basis of presentation

The accompanying unaudited pro forma condensed consolidated statement of financial position as at March 31, 2019, the unaudited pro forma condensed interim consolidated statement of comprehensive income (loss) for the three months ended March 31, 2019, and the unaudited consolidated statement of comprehensive income (loss) for the nine months ended March 31, 2019 of the Company were prepared to reflect the Company’s proposal to purchase all of Moxie’s issued and outstanding common shares.

The unaudited pro forma condensed consolidated statement of financial position and the unaudited pro forma condensed consolidated statements of comprehensive income (loss) of the Company are comprised of information from:

- the unaudited interim consolidated statement of financial position of GGB as at March 31, 2019;
- the unaudited interim consolidated statement of financial position of Moxie as at March 31, 2019;
- the unaudited interim consolidated statement of comprehensive income (loss) of GGB for the three months ended March 31, 2019;
- the unaudited interim consolidated statement of comprehensive income (loss) of Moxie for the three months ended March 31, 2019;
- the unaudited consolidated statement of comprehensive income (loss) of GGB for the nine months ended March 31, 2019;
- the audited consolidated statement of comprehensive income (loss) of Moxie for the period ended December 31, 2018;

The unaudited pro forma condensed consolidated financial statements do not include all of the information disclosures required by International Financial Reporting Standards (“IFRS”) and should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements as at and for the three and nine months ended March 31, 2019, the audited consolidated financial statements of the Company for the year ended June 30, 2018, the unaudited interim consolidated financial statements of Moxie as at and for the three months ended March 31, 2019, and the audited consolidated financial statements of Moxie for the year ended December 31, 2018.

The unaudited pro forma condensed consolidated statement of financial position gives effect to the proposed acquisition of Moxie as if it had occurred on March 31, 2019. The unaudited pro forma condensed consolidated statements of comprehensive loss for the three months ended March 31, 2019 and the nine and twelve months ended March 31, 2019 and December 31, 2018, respectively give effect to the proposed acquisition as if it had occurred at July 1, 2018.

The accounting policies used in the preparation of the unaudited pro forma condensed consolidated financial statements are consistent with those described in the unaudited consolidated financial statements of the Company for the three and nine months ended March 31, 2019. Certain historical Moxie amounts have been reclassified to conform to the Company’s presentation.

The unaudited pro forma condensed consolidated financial statements are not necessarily indicative of the results of operations that would have occurred had the acquisition of Moxie been affected on the dates indicated, nor are the unaudited pro forma condensed consolidated financial statements indicative of future periods. Actual amounts recorded upon consummation of the proposed acquisition will differ from such unaudited pro forma condensed consolidated financial statements. Since the pro forma condensed consolidated financial statements have been developed to retroactively show the effect of a transaction that is expected to occur at a later date (even though this was accomplished by following generally accepted practice and using reasonable assumptions), there are limitations inherent in the very nature of such pro forma data.

2. Pro Forma Adjustments and Assumptions

The unaudited pro forma interim consolidated statement of financial position of the Company as at March 31, 2019 has been adjusted to reflect the following transactions as if the acquisition of Moxie had been completed on March 31, 2019:

- On May 16, 2019, the Company announced that it had completed the previously announced repurchase of 27,300,000 Common Shares held by GA Opportunities Corp. (“GAOC”) for aggregate consideration of \$67,516,310 (CAD\$89,000,000), or at a discounted price of approximately \$3.26 per Common Share (the “GAOC Repurchase”), representing approximately 13% of outstanding Common Shares. The aggregate consideration was satisfied by delivery of a secured promissory note (“GAOC Note”) in the principal amount of \$29,585,798 (CAD\$39,000,000) and cash in the amount of \$37,930,512 (CAD\$50,000,000). The GAOC Note is payable on November 15, 2019 and bears interest at 3% per annum.

Subsequent to March 31, 2019, the Company's short-term investment, which was held in Aphria shares in connection with the Aphria takeover bid had declined by \$6,586,313. The proceeds of sale of its holdings in Aphria stock were used to fund a portion of the repurchase of the Company stock.

- b) On December 12, 2018, the Company entered into definitive agreements to acquire a Pahrump, Nevada cultivation facility operated by Wellness Orchards of Nevada LLC ("WON") and Panorama WON LLC ("Panorama") for a total purchase price of US\$13,372,162. On May 17, 2019, the Company announced it had closed on this acquisition. WON currently operates a 12,000 square foot cannabis cultivation facility in Pahrump, Nevada while Panorama owns the real property and assets upon which the cultivation facility operates. The transaction closed on May 16, 2019.
- c) Subsequent to March 31, 2019, 50,000 stock options, 19,097 proportionate voting warrants and 2,925,228 warrants were exercised for gross proceeds of \$16,559,520. In addition, the Company awarded 500,000 common shares and 500,000 common share purchase warrants to Arc Retail Concepts Ltd. on May 21, 2019 for advisory services provided in connection with the Company's retail distribution strategy. Further certain 212,636 restricted share units vested to certain directors and 382,169 deferred shares were cancelled.
- d) On May 17, 2019, the Company announced that it had raised gross proceeds of \$45,500,000 (CAD\$61,200,000) pursuant to a private placement convertible debt in the form of 15% secured convertible debentures (the "Debentures") at a price of CAD\$1,000 per Debenture and with a conversion price equivalent to CAD\$7.00 per Common Share (the "Debenture Financing"). The net proceeds of the Debenture financing will be used for general corporate and working capital purposes. Each Debenture has a maturity date of May 17, 2020 (the "Maturity Date") and is convertible, in certain circumstances, into Proportionate Voting Shares at a conversion price per Proportionate Voting Share equal to CAD\$3,500.00 (being equivalent to CAD\$7.00 per Common Share) divided by the Canadian-US exchange rate on the business day prior to conversion (the "Conversion Price"). Interest on the Debentures accrues daily and is payable to the holders thereof initially on November 17, 2019 and the balance on the Maturity Date. For accounting purposes, it was determined that the conversion feature did not meet the fixed for fixed criteria under IFRS and therefore the Company bifurcated \$3,830,821 portion associated with the conversion feature.
- e) On June 24, 2019 with the members of Henderson Organic, pursuant to which the Henderson Warrant exercisable to acquire an aggregate of 7,609,746 Common Shares at an exercise price of \$3.16 per Common Share was cancelled and replaced with a new common share purchase warrant, exercisable to acquire an aggregate of 3,973,230 Common Shares, at an exercise price of CAD\$3.03 per Common Share (the "Revised Henderson Warrant"), with the difference to be satisfied via a cash payment in the amount of \$8,979,500 (the "HOR Cash Payment"). The parties also amended the Loan to provide a maturity date of August 28, 2019. In consideration with the amendment to the maturity date of the Loan, the Company agreed to pay \$1,000,000 to the members of Henderson Organic as a nonrefundable advance on the HOR Cash Payment. A portion of the net proceeds of this Offering will be used to pay the HOR Cash Payment.

In addition, in connection with closing on August 28, 2019, the Company will repay the note payable in connection with the acquisition of Nevada Organic Remedies ("NOR") for \$15,485,000 plus accrued interest. A portion of the net proceeds of this Offering will be used to pay the NOR acquisition note payable.

- f) On July 29, 2019, the Company announced that it executed an amendment (the "Spring Oaks Amendment") to the Spring Oaks definitive agreement dated June 3, 2019. Pursuant to the Spring Oaks Amendment, the purchase price for the shares of capital stock of Spring Oaks of approximately \$54,650,000 (CAD\$72,039,630), subject to certain post-closing purchase price adjustments, shall be satisfied by the Company through a combination of: (i) a previously paid deposit of \$1,350,000 (CAD\$1,779,570) (the "Deposit"); (ii) a cash payment at closing of \$2,000,000 (CAD\$2,636,400), subject to certain post-closing purchase price adjustments (the "Closing Cash Consideration"); (iii) a cash payment of \$3,000,000 (CAD\$3,954,600) on or before August 31, 2019 (the "Deferred Cash Consideration"); (iv) the issuance of 7,133,297 Common Shares (the "Consideration Shares") to the owners of Spring Oaks representing an aggregate amount of \$17,100,000 (CAD\$22,541,220), at a price of \$2.35 (CAD\$3.16) per Consideration Share; (v) the issuance of 8,094,210 Common Shares (the "Additional Consideration Shares") to the owners

of Spring Oaks representing an aggregate amount of \$14,000,000 (CAD\$18,454,800), at a price of \$1.72 (CAD\$2.28) per Additional Consideration Share; (vi) the issuance of a two-year convertible secured promissory note in the aggregate principal amount of \$11,400,000 (CAD\$15,027,480) (the “Two-Year Note”); and (vii) the issuance of a one-year convertible secured promissory note in the aggregate principal amount of \$5,800,000 (CAD\$7,645,560) (the “One-Year Note”).

In connection with the anticipated closing of the Spring Oaks Acquisition, the Company intends to pay a fee of \$500,000 (CAD\$659,100) to Jeremy Giles in full satisfaction and settlement of certain finder services performed on the Company’s behalf (the “Giles Fee”). The Giles Fee will be paid through (i) a cash payment in the amount of \$250,000 (CAD\$329,550) and (ii) the issuance of Common Shares in the aggregate amount of \$250,000 (CAD\$329,500), at a price of \$1.72 (CAD\$2.28) per Common Share, representing the closing market price of a Common Share on the CSE on the trading day immediately prior to the date of the Spring Oaks Announcement. On closing of the Spring Oaks Acquisition, the Company also entered into a consulting services agreement with Jeremy Giles for governmental relations services.

- g) On July 23, 2019, the Company announced bought deal public offering led by Canaccord Genuity Corp for an aggregate of 20,500,000 units at a price of CAD\$2.45 per unit. Each unit comprised of one common share and one half of on common share purchase warrant (“Warrant”) of the Company. Each full Warrant will entitle the holder thereof to acquire one common share of the Company (a “Warrant Share”) at a price of \$3.50 per Warrant Share, subject to adjustment in certain events, for a period of 3 years following the closing date. The Company has estimated the net proceeds after commission of 7% and professional fees of CAD\$1,000,000 to be \$34,675,504 (CAD\$45,709,250) excluding overallotment option by the underwriters.

Moxie business combination

- h) On July 9, 2019, the Company announced that it had entered into a securities acquisition and contribution agreement, dated July 8, 2019, with, among others, MXY Holdings LLC (“Moxie”) under which a new Ontario limited partnership (“GGP LP”), of which GGB will be the general partner, will acquire the operating companies of GGB and the issued and outstanding units of Moxie, an arm’s length third party, in an all-equity interest transaction (the “Moxie Business Combination”). As part of the Moxie Business Combination, GGB will also be directly or indirectly acquiring shares of MXY C, Inc. and MXY D, Inc., Delaware entities within the Moxie structure, and Moxie’s equity interests in two entities, PurePenn LLC and Pure CA, LLC, with which Moxie has current contribution agreements (subject to regulatory approval). The equity purchase price of the Moxie Business Combination is \$310,000,000 and will be satisfied through the issuance of either Common Shares and/or exchangeable limited partnership units in GGB LP. Closing of the Moxie Business Combination is expected to occur prior to January 2020 and remains subject to the satisfaction of various closing conditions, including receipt of all necessary regulatory approvals for the transfer of the cannabis-related licenses of Moxie by local and state authorities in each of the markets where Moxie’s assets and licenses are held; approval from the CSE for the listing of Common Shares issuable in connection with the Moxie Business Combination (including the Common Shares issuable upon the exchange of the exchangeable limited partnership units in GGB LP); that all required securityholder approval for Moxie, MXY C, Inc. and MXY D, Inc. is received and certain pre-closing transactions have been effected; that certain lock-up agreements have been entered into; there has been no material adverse effect in respect of either Moxie or the Company; and, that all documents required in connection with the transfer of Moxie, MXY C, Inc. and MXY D, Inc. securities have been delivered to the Company. There are no assurances that the Moxie Business Combination will be completed, or if completed, will be on the terms that are exactly the same as disclosed in this Prospectus.

In addition, subsequent to March 31, 2019 Moxie completed a capital raise totaling \$43,000,000 consisting of \$36,000,000 in convertible debenture and a Series C preferred shares of \$7,000,000. In addition, the existing \$7,000,000 convertible debentures were converted to Series C preferred shares as well.

The Moxie business combination will be accounted for as a business combination under IFRS 3. The estimated fair value of net assets acquired, and consideration paid for 100% ownership of Moxie is allocated as follows 80% in intangible assets and 20% in goodwill.

The Company plans to complete an independent valuation analysis on closing of the transaction at which time the allocation of the purchase price will determine the split between intangible assets and goodwill.

The goodwill associated with the Acquisition includes the expected synergies to be realized between Moxie and the Company including increased production capacity, immediate distribution access to over 250 dispensaries, and target revenue and profitability growth. Management reasonably believes that Moxie's potential large-scale access to multiple states that the Company currently does not have access. In addition, the Company sees synergies on supply chain efficiencies and increase scale of sourcing CBD materials.

Moxie produces cannabis concentrates and related products across multiple markets. Moxie is an MSO with distribution (or future distribution), either directly or indirectly through affiliates or investees, in California, Arizona, Nevada, Pennsylvania New Jersey and Ohio markets and its products are distributed in over 250 dispensaries across the United States. Moxie is recognized by its peers in cannabis, winning close to 100 industry awards over the years, including Brand of the Year at the 2018 California Cannabis Awards. Moxie's newest product, the DART vaporizer, won first place at the recent 2019 High Times SoCal Cannabis Cup with its Piña Colada flavor.

By using FDA grade standard operating procedures and strict safety standards in their facilities and with a genetics library consisting of hundreds of strains, Moxie provides customers with high-quality recreational and medical cannabis products. Moxie offers live resin vape cartridges, CBD vape cartridges, liquid Moxie vape cartridges and pre-rolled joints. As Moxie builds out its capacity, it will be employing its know-how and genetic library to continue to strive to be a leading product innovator.

3. Pro Forma Shareholders' equity

(Expressed in United States dollars)

(Expressed in United States dollars)

Note	Reserves											Changes in Equity of subsidiaries	Earnings (Deficit)	Non-controlling Interest	Accumulated Other Comprehensive loss	Total
	Common Shares	Proportionate Shares	Share Capital	Share based Payments		Warrants		Proportionate Warrants								
				#	\$	#	\$	#	\$							
GGB's Balance at March 31, 2019		188,212,278	40,698	\$137,135,288	2,745,000	\$1,702,983	25,663,581	\$13,236,973	19,097	\$3,593,308	\$(2,837,500)	\$ (35,409,880)	\$ 2,810,864	\$ 148,286	\$120,380,322	
GAOC share buyback	2 a)	(27,300,000)	-	(40,569,640)	-	-	-	-	-	-	-	(33,532,983)	-	-	(74,102,623)	
Warrant and option exercises and granted	2 c)	3,305,695	19,097	20,812,787	(50,000)	-	(2,425,228)	(659,959)	(19,097)	(3,593,308)	-	-	-	-	16,559,520	
Convertible Debenture financing	2 d)	-	-	-	-	-	-	-	-	-	-	(61,322)	-	-	(61,322)	
HOR acquisition	2 e)	-	-	-	-	-	(3,636,516)	(3,575,967)	-	-	-	-	-	-	(3,575,967)	
Spring Oaks acquisition	2 f)	23,636,740	-	31,350,000	-	-	-	-	-	-	-	(500,000)	-	-	30,850,000	
Bought deal financing	2 g)	20,500,000	-	31,409,687	-	-	10,250,000	3,265,817	-	-	-	-	-	-	34,675,504	
Moxie acquisition	2 h)	149,758,454	-	304,999,999	-	-	-	-	-	-	-	-	-	-	304,999,999	
Balance after GGB RTO		358,113,167	59,795	485,138,121	2,695,000	1,702,983	29,851,837	12,266,864	-	-	(2,837,500)	(69,504,185)	2,810,864	148,286	429,725,433	

CERTIFICATE OF THE COMPANY

August 15, 2019

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation in each of the provinces of British Columbia, Alberta, Ontario and Nova Scotia.

(signed) "*Peter Horvath*"

Peter Horvath
Chief Executive Officer

(signed) "*Brian Logan*"

Brian Logan
Chief Financial Officer

On behalf of the Board of Directors:

(signed) "*Tim Moore*"

Tim Moore
Director

(signed) "*Carli Posner*"

Carli Posner
Director

CERTIFICATE OF THE UNDERWRITERS

August 15, 2019

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation in each of the provinces British Columbia, Alberta, Ontario and Nova Scotia.

CANACCORD GENUITY CORP.

(signed) *"Steve Winokur"*
Managing Director

EIGHT CAPITAL

(signed) *"Patrick McBride"*
Principal, Head of Origination

CORMARK SECURITIES INC.

(signed) *"Alfred Avanesy"*
Managing Director

GMP SECURITIES L.P.

(signed) *"Kyle Gould"*
Managing Director

PARADIGM CAPITAL INC.

(Signed) *"Kevin O'Flaherty"*
Managing Director

BEACON SECURITIES LIMITED

(signed) *"Mario Maruzzo"*
Managing Director

HAYWOOD SECURITIES INC.

(signed) *"Campbell Becher"*
Managing Director

CERTIFICATE OF THE PROMOTERS OF THE COMPANY

August 15, 2019

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation in each of the provinces of British Columbia, Alberta, Ontario and Nova Scotia.

ALL JS GREENSPACE LLC

(signed) *"Ben Kraner"*

Manager

CHIRON VENTURES INC.

(signed) *"Adam Arviv"*

President and Secretary

Exhibit I

EXHIBIT "I"

referred to in the Affidavit of

RAYMOND C. WHITAKER III

Sworn May 19, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

GREEN GROWTH BRANDS INC.

- and -

CAPITAL TRANSFER AGENCY ULC

CONVERTIBLE DEBENTURE INDENTURE

Providing for the Issuance of Secured Convertible Debentures

Dated as of October 18, 2019

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ADDENDA

Schedule “A” PART I - FORM OF GLOBAL DEBENTURE

Schedule “B” Form of Notice of Conversion

DEBENTURE INDENTURE

THIS DEBENTURE INDENTURE is dated as of October 18, 2019.

BETWEEN:

GREEN GROWTH BRANDS INC., a company incorporated pursuant to the laws of the Province of Ontario and includes any successor corporation (hereinafter referred to as the **"Corporation"**)

- and -

CAPITAL TRANSFER AGENCY ULC, a company existing under the laws of Canada and authorized to carry on business in all Provinces of Canada (hereinafter referred to as the **"Debenture Trustee"**)

WHEREAS the Corporation entered into certain backstop commitment letters (the **"Commitment Letters"**) dated August 14, 2019 with each of All Js Greenspace LLC, Chiron Ventures Inc. and Park Lane Capital Limited (collectively, the **"Placees"**) pursuant to which the Placees agreed to subscribe for and purchase, in certain circumstances, an aggregate principal amount of up to US\$77,325,000 (C\$102,796,241) of secured convertible debentures of the Corporation (the **"Debentures"**);

AND WHEREAS the Corporation intends to initiate, from time to time, drawdown requests for subscriptions by the Placees of an aggregate amount of US\$25,000,000 of Debentures;

AND WHEREAS the Corporation proposes to issue up to US\$25,000,000 in principal amount of Debentures pursuant to the terms of this Indenture (as defined herein);

AND WHEREAS pursuant to this Indenture, each Debenture shall entitle the holder thereof to conversion rights upon the terms and conditions herein set forth;

AND WHEREAS all acts and deeds necessary have been done and performed to make the Debentures, when created and issued as provided in this Indenture, legal, valid and binding upon the Corporation with the benefits and subject to the terms of this Indenture;

AND WHEREAS the foregoing recitals are made as representations and statements of fact by the Corporation and not by the Debenture Trustee;

NOW THEREFORE, in consideration of the premises and mutual covenants hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Corporation hereby appoints the Debenture Trustee as debenture trustee to hold the rights, interests and benefits contained herein for and on behalf of those persons who from time to time become the holders of Debentures issued pursuant to this Indenture and the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

Section 1.1 Definitions.

In this Indenture, including the recitals and schedules hereto, and in all indentures supplemental hereto:

“Applicable Legislation” means any statute of Canada or a province thereof, and the regulations under any such named or other statute, relating to debenture indentures or to the rights, duties and obligations of trustees under debenture indentures, to the extent that such provisions are at the time in force and applicable to this Indenture;

“Authenticated” means (a) with respect to the issuance of a Debenture Certificate, one which has been duly signed by the Corporation and authenticated by manual signature of an authorized officer of the Debenture Trustee, and (b) with respect to the issuance of an Uncertificated Debenture, one in respect of which the Debenture Trustee has completed all Internal Procedures such that the particulars of such Uncertificated Debenture as required by Section 2.7 are entered in the register of holders of Debentures, **“Authenticate”**, **“Authenticating”** and **“Authentication”** have the appropriate correlative meanings;

“Book Entry Only Participants” means institutions that participate directly or indirectly in the Depository’s book entry registration system for the Debentures;

“Book Entry Only Debentures” means Debentures that are to be held only by or on behalf of the Depository;

“Business Day” means any day other than Saturday, Sunday or a statutory or civic holiday, or any other day on which the banks are open for business in the Province of Ontario;

“CDN/US Exchange Rate” means, as of a particular date, the daily average exchange rate for the conversion of one United States dollar into Canadian dollars published by the Bank of Canada;

“CDS Global Debentures” means Debentures representing all or a portion of the aggregate number of Debentures issued in the name of the Depository represented by an Uncertificated Debenture, or if requested by the Depository or the Corporation, by a Debenture Certificate;

“Certificated Debenture” means a Debenture evidenced by a writing or writings substantially in the form of Schedule “A”, attached hereto;

“Change of Control” means (i) the acquisition by any person or group of persons acting jointly or in concert (within the meaning of OSC Rule 62-504) of voting control or direction of more than 50% of the outstanding voting shares of the Corporation, but shall not include a sale, merger, reorganization, arrangement, combination or other

similar transaction if the previous holders of voting shares of the Corporation hold at least 50% of the voting control or direction in such merged, reorganized, arranged, combined or other continuing entity immediately following completion of such transaction; and (ii) the sale of all or substantially all of the consolidated assets of the Corporation;

“Change of Control Notice” has the meaning ascribed thereto in Section 3.2(1)(a);

“Change of Control Purchase Date” has the meaning ascribed thereto in Section 3.2(1)(a);

“Change of Control Purchase Offer” has the meaning ascribed thereto in Section 3.2(1)(a);

“Common Share Conversion Price” means the dollar amount for which each Common Share may be issued upon the conversion of Debentures in accordance with the provisions of this Indenture, which shall, subject to adjustment as provided for herein, equal C\$2.45 divided by the CDN/US Exchange Rate on the Business Day prior to the date of conversion;

“Common Share Current Market Price” of the Common Shares at any date means the weighted average of the trading price per Common Share for such Common Shares for each day there was a closing price for the twenty consecutive Trading Days ending five Business Days prior to such date on the CSE or if on such date the Common Shares are not listed on the CSE, on such stock exchange upon which such Common Shares are listed, or, if such Common Shares are not listed on any stock exchange then on such over-the-counter market as may be selected for such purpose by the directors of the Corporation;

“Common Share Rights Offering” has the meaning ascribed thereto in Section 4.1(b);

“Common Shares” means fully paid and non-assessable common shares of the Corporation as presently constituted;

“Confirmation” has the meaning ascribed thereto in Section 3.2(2);

“Conversion Notice” means the conversion notice for the Debentures substantially in the form as set out in Schedule “B” attached hereto;

“Conversion Price” means the Common Share Conversion Price or the PV Share Conversion Price, as applicable;

“Corporation” means Green Growth Brands Inc., and includes any successor corporation to or of the Corporation which shall have complied with Section 9.2;

“Counsel” means a barrister or solicitor or a firm of barristers and solicitors retained by the Debenture Trustee or retained by the Corporation and acceptable to the Debenture

Trustee, which may or may not be counsel for the Corporation or retained by the Debentureholders;

“CSE” means the Canadian Securities Exchange;

“**Debentures**” means the secured convertible debentures created by and authorized by and issuable under this Indenture, bearing interest at a rate of 15.00% per annum payable in arrears on each Interest Payment Date, to be issued and countersigned hereunder in certificated form and/or held through the book entry registration system on a no certificate issued basis, entitling the holder thereof to certain conversion rights as of the Maturity Date or means the Debentures issued and Authenticated hereunder, whether by way of Debenture Certificate or Uncertificated Debenture;

“**Debenture Agency**” means the principal office of the Debenture Trustee in the city of Toronto or such other place as may be designated in accordance with Section 3.5;

“**Debenture Certificate**” means a certificate, substantially in the form set forth in Schedule “A” hereto, to evidence those Debentures that will be evidenced by a certificate;

“**Debentureholders**”, or “**holders**” without reference to Debenture, means the debentureholders as and in respect of Debentures registered in the name of the Depository and includes owners of Debentures who beneficially hold securities entitlements in respect of the Debentures through a Book Entry Only Participant or means, at a particular time, the persons entered in the register hereinafter mentioned as holders of Debentures outstanding at such time;

“**Debentureholders’ Request**” means an instrument signed in one or more counterparts by Registered Debentureholders holding in the aggregate not less than 50% of the aggregate outstanding principal amount of Debentures then issued and outstanding, requesting the Debenture Trustee to take some action or proceeding specified therein;

“**Debenture Trustee**” means Capital Transfer Agency ULC, in its capacity as Debenture Trustee of the Debentures, or its successors from time to time;

“**Depository**” means CDS Clearing and Depository Services Inc. or such other person as is designated in writing by the Corporation to act as depository in respect of the Debentures;

“**Dividends**” means any dividends paid by the Corporation;

“**Encumbrance**” means any mortgage, charge, pledge, hypothecation, security interest, assignment by way of security, lien (statutory or otherwise), encumbrance, conditional sale agreement, capital lease, deposit arrangement, title retention agreement, and any other agreement, trust or arrangement that in substance secures payment or performance of an obligation;

“**Extraordinary Resolution**” has the meaning ascribed thereto in Section 8.11;

“Event of Default” has the meaning ascribed thereto in Section 11.1;

“Indebtedness” means, with respect to a person, without duplication, all obligations of the person for borrowed money, including debentures, notes or similar instruments and other financial instruments and obligations with respect to bankers’ acceptances and contingent reimbursement obligations relating to letters of credit;

“Interest Payment Date” means the dates specified in a Debenture as the dates on which accrued interest on such Debenture shall become due and payable;

“Internal Procedures” means in respect of the making of any one or more entries to, changes in or deletions of any one or more entries in the register at any time (including without limitation, original issuance or registration of transfer of ownership) the minimum number of the Debenture Trustee’s internal procedures customary at such time for the entry, change or deletion made to be complete under the operating procedures followed at the time by the Debenture Trustee;

“Issue Date” means the date on which any given Debenture is issued pursuant to and in accordance with this Indenture;

“Maturity Account” means an account or accounts required to be established by the Corporation (and which shall be maintained by and subject to the control of the Debenture Trustee) for the Debentures issued pursuant to and in accordance with this Indenture;

“Maturity Date” means the date of maturity for the Debentures, being the date that is one year following the Issue Date;

“May 2019 Debentures” means the secured convertible debentures created by and authorized by and issued under the terms of the debenture indenture dated May 17, 2019 between the Corporation and the Debenture Trustee bearing interest at a rate of 15.00% per annum;

“Permitted Indebtedness” means (i) any Indebtedness that ranks junior to the Debentures (structurally or by agreement), (ii) up to C\$39,000,000 of Indebtedness in favour of GA Opportunities Corp., (iii) Indebtedness pursuant to the Debentures, (iv) obligations in respect of letters of guarantee or letters of credit to be provided by the Corporation or any subsidiary of the Corporation to a third party in the ordinary course of business or obligations under any corporate credit card or line of credit of the Corporation or any subsidiary of the Corporation, (v) Indebtedness incurred by the Corporation or any subsidiary of the Corporation as part of, or issued or assumed by the Corporation or any subsidiary of the Corporation to pay or provide funds to pay, all or a part of the purchase price of any asset or equity acquired by the Corporation or any subsidiary of the Corporation, and (vi) equipment leasing or equipment financing obligations of the Corporation or any subsidiary of the Corporation incurred in the ordinary course of business;

“person” means an individual, body corporate, partnership, trust, debenture trustee, executor, administrator, legal representative or any unincorporated organization;

“PPSA” means the *Personal Property Security Act* (Ontario);

“PV Share Conversion Price” means the dollar amount for which each PV Share may be issued upon the conversion of Debentures in accordance with the provisions of this Indenture, which shall, subject to adjustment as provided for herein, equal C\$1,225 divided by the CDN/US Exchange Rate on the Business Day prior to the date of conversion;

“PV Share Current Market Price” means the Common Share Current Market Price, multiplied by 500;

“PV Share Rights Offering” has the meaning ascribed thereto in Section 5.1(b);

“PV Shares” means fully paid and non-assessable proportionate voting shares of the Corporation as presently constituted;

“register” means the one set of records and accounts maintained by the Debenture Trustee pursuant to Section 2.8;

“Registered Debentureholders” means the persons who are registered owners of Debentures as such names appear on the register, and for greater certainty, shall include the Depository as well as the holders of Uncertificated Debentures appearing on the register of the Debenture Trustee;

“Rights Offering” means a Common Share Rights Offering or PV Share Rights Offering, as applicable;

“Shareholders” means holders of Common Shares or PV Shares;

“Shares” means, collectively, the Common Shares and PV Shares;

“this Debenture Indenture”, **“this Indenture”**, **“this Agreement”**, **“hereto”** **“herein”**, **“hereby”**, **“hereof”** and similar expressions mean and refer to this indenture and any indenture, deed or instrument supplemental hereto; and the expressions **“Article”**, **“Section”**, **“subsection”** and **“paragraph”** followed by a number, letter or both mean and refer to the specified article, section, subsection or paragraph of this indenture;

“Trading Day” means, with respect to a stock exchange, a day on which such exchange is open for the transaction of business and with respect to the over-the-counter market means a day on which the CSE is open for the transaction of business;

“Uncertificated Debenture” means any Debenture which is not a Certificated Debenture;

“United States” means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

“U.S. Person” has the meaning set forth in Rule 902(k) of Regulation S under the U.S. Securities Act;

“U.S. Securities Act” means the United States Securities Act of 1933, as amended; and

“written order of the Corporation”, “written request of the Corporation”, “written consent of the Corporation” and **“certificate of the Corporation”** mean, respectively, a written order, request, consent and certificate signed in the name of the Corporation by its President and Chief Executive Officer, or a person acting in any such capacity for the Corporation and may consist of one or more instruments so executed.

Section 1.2 Gender and Number.

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

Section 1.3 Headings, Etc.

The division of this Indenture into Articles and Sections, the provision of a Table of Contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Indenture or of the Debentures.

Section 1.4 Day not a Business Day.

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

Section 1.5 Time of the Essence.

Time shall be of the essence of this Indenture.

Section 1.6 Monetary References.

Whenever any amounts of money are referred to herein, such amounts shall be deemed to be in lawful money of the United States unless otherwise expressed. References herein to “dollars” and “US\$” are to United States dollars and all references to “C\$” are to Canadian dollars.

Section 1.7 Applicable Law.

This Indenture, the Debentures and the Debenture Certificates shall be construed in accordance with the laws of the Province of Ontario and the federal laws applicable therein. Each of the parties hereto, which shall include the Debentureholders, irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Ontario with respect to all matters arising out of this Indenture and the transactions contemplated herein.

ARTICLE 2 ISSUE OF DEBENTURES

Section 2.1 Creation and Issue of Debentures.

Up to US\$25,000,000 in principal amount of Debentures are hereby created and authorized to be issued in accordance with the terms and conditions hereof. By written order of the Corporation, the Debenture Trustee shall deliver Debenture Certificates to Registered Debentureholders and record the name of the Registered Debentureholders on the Debenture register. Registration of interests in Debentures held by the Depository may be evidenced by a position appearing on the register for Debentures of the Debenture Trustee for an amount representing the aggregate number of such Debentures outstanding from time to time. Notwithstanding the above, all Debentures issued in the United States or to, or for the account or benefit of, a U.S. Person or a person within the United States (other than to "Qualified Institutional Buyers") will be delivered in certificated form.

Section 2.2 Terms of Debentures.

- (1) The Debentures authorized for issue immediately, in the aggregate principal amount of up to US\$25,000,000, shall be designated as "15.00% Secured Convertible Debentures" and shall be dated as of their Issue Date and shall, subject to the terms of this Indenture, mature on the applicable Maturity Date.
- (2) The Debentures shall bear interest from their Issue Date at the rate of 15.00% per annum (based on a year of 365 days), payable in arrears in equal installments on the six month anniversary of the Issue Date and the Maturity Date, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate. For the purposes of the Debenture Trustee and their internal processing, the record dates for the payment of interest on the Debentures will be the fifth Business Day preceding the applicable Interest Payment Date.
- (3) The Corporation shall have the option, exercisable in its sole discretion, of repaying all or any portion of the then outstanding principal amount of all Debentures in cash at any time. In the event that the Corporation exercises this option, interest on such principal amount being repaid shall be calculated up to but excluding the Maturity Date from, and including, the Issue Date, and such interest, to the extent unpaid, shall be immediately due and payable at the time of repayment. Such repayment shall be made in accordance with the procedures specified in Section 2.14.
- (4) The Debentures will be convertible in accordance with the terms of Article 3, at the holder's option, into (i) in the case of Debentureholders resident outside the United States, fully-paid Common Shares on the Maturity Date at the Common Share Conversion Price and (ii) in the case of Debentureholders resident in the United States, fully-paid PV Shares on the Maturity Date, at the Conversion Price. The Conversion Notice for the Debentures shall be substantially in the form of Schedule "B".
- (5) The indebtedness, liabilities and obligations of the Corporation hereunder and under the Debenture Certificates, whether on account of principal, interest or otherwise, but

excluding the issuance of Common Shares or PV Shares, as applicable, upon any conversion pursuant to Article 3, shall be subordinated and postponed and subject in right of payment, to the extent and in the manner set forth with respect to any debts or obligations of the Corporation that rank senior to the Debentures, including the May 2019 Debentures.

- (6) The indebtedness, liabilities and obligations of the Corporation hereunder and under the Debenture Certificates to the holder will be a secured obligation of the Corporation. The Debentures will rank equally with one another.

Section 2.3 Debentureholder not a Shareholder.

Except as may be specifically provided herein, nothing in this Indenture or in the holding of a Debenture Certificate, entitlement to a Debenture or otherwise, shall, in itself, confer or be construed as conferring upon a Debentureholder any right or interest whatsoever as a Shareholder of the Corporation, including, but not limited to, the right to vote at, to receive notice of, or to attend, meetings of Shareholders or any other proceedings of the Corporation, or the right to Dividends and other allocations.

Section 2.4 Debentures to Rank *Pari Passu*.

All Debentures shall rank equally and without preference over each other, whatever may be the actual date of issue thereof.

Section 2.5 Form of Debentures and Certificated Debentures.

The Debentures may be issued in both certificated and uncertificated form. All Debentures issued in certificated form shall be evidenced by the Debenture Certificates (including all replacements issued in accordance with this Indenture), substantially in the form set out in Schedule "A" hereto, which shall be dated as of their Issue Date, shall bear such distinguishing letters and numbers as the Corporation may, with the approval of the Debenture Trustee, prescribe, and shall be issuable in any denomination excluding fractions. All Debentures issued to the Depository may be in either a certificated or uncertificated form, such uncertificated form being evidenced by a book position on the register of Debentureholders to be maintained by the Debenture Trustee in accordance with Section 2.8.

Section 2.6 Book Entry Only Debentures.

- (1) Reregistration of beneficial interests in and transfers of Debentures held by the Depository shall be made only through the book entry registration system and no Debenture Certificates shall be issued in respect of such Debentures except where physical certificates evidencing ownership in such securities are required or as set out herein or as may be requested by a Depository, as determined by the Corporation, from time to time. Except as provided in this Section 2.6, owners of beneficial interests in any CDS Global Debentures shall not be entitled to have Debentures registered in their names and shall not receive or be entitled to receive Debentures in definitive form or to have their names appear in the register referred to in Section 2.8 herein.

- (2) Notwithstanding any other provision in this Indenture, no CDS Global Debentures may be exchanged in whole or in part for Debentures registered, and no transfer of CDS Global Debentures in whole or in part may be registered, in the name of any person other than the Depository for such CDS Global Debentures or a nominee thereof unless:
- (a) the Depository notifies the Corporation that it is unwilling or unable to continue to act as depository in connection with the Book Entry Only Debentures and the Corporation is unable to locate a qualified successor;
 - (b) the Corporation determines that the Depository is no longer willing, able or qualified to discharge properly its responsibilities as holder of the CDS Global Debentures and the Corporation is unable to locate a qualified successor;
 - (c) the Depository ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and the Corporation is unable to locate a qualified successor;
 - (d) the Corporation determines that the Debentures shall no longer be held as Book Entry Only Debentures through the Depository;
 - (e) such right is required by Applicable Legislation, as determined by the Corporation and the Corporation's counsel; or
 - (f) the Debenture is to be Authenticated to or for the account or benefit of a person in the United States (other than a "Qualified Institutional Buyer");

following which Debentures for those holders requesting such shall be issued to the beneficial owners of such Debentures or their nominees as directed by the holder. The Corporation shall provide an officer's certificate giving notice to the Debenture Trustee of the occurrence of any event outlined in this Section 2.6(2).

- (3) Subject to the provisions of this Section 2.6, any exchange of CDS Global Debentures for Debentures which are not CDS Global Debentures may be made in whole or in part in accordance with the provisions of Section 2.10, *mutatis mutandis*. All such Debentures issued in exchange for a CDS Global Debenture or any portion thereof shall be registered in such names as the Depository for such CDS Global Debentures shall direct and shall be entitled to the same benefits and subject to the same terms and conditions (except insofar as they relate specifically to CDS Global Debentures) as the CDS Global Debentures or portion thereof surrendered upon such exchange.
- (4) Every Debenture Authenticated upon registration of transfer of a CDS Global Debenture, or in exchange for or in lieu of a CDS Global Debenture or any portion thereof, whether pursuant to this Section 2.6, or otherwise, shall be Authenticated in the form of, and shall be, a CDS Global Debenture, unless such Debenture is registered in the name of a person other than the Depository for such CDS Global Debenture or a nominee thereof.

- (5) Notwithstanding anything to the contrary in this Indenture, subject to Applicable Legislation, the CDS Global Debenture will be issued as an Uncertificated Debenture, unless otherwise requested in writing by the Depository or the Corporation.
- (6) The rights of beneficial owners of Debentures who hold securities entitlements in respect of the Debentures through the book entry registration system shall be limited to those established by applicable law and agreements between the Depository and the Book Entry Only Participants and between such Book Entry Only Participants and the beneficial owners of Debentures who hold securities entitlements in respect of the Debentures through the book entry registration system, and such rights must be exercised through a Book Entry Only Participant in accordance with the rules and procedures of the Depository.
- (7) Notwithstanding anything herein to the contrary, neither the Corporation nor the Debenture Trustee nor any agent thereof shall have any responsibility or liability for:
 - (a) the electronic records maintained by the Depository relating to any ownership interests or any other interests in the Debentures or the depository system maintained by the Depository, or payments made on account of any ownership interest or any other interest of any person in any Debenture represented by an electronic position in the book entry registration system (other than the Depository or its nominee);
 - (b) for maintaining, supervising or reviewing any records of the Depository or any Book Entry Only Participant relating to any such interest; or
 - (c) any advice or representation made or given by the Depository or those contained herein that relate to the rules and regulations of the Depository or any action to be taken by the Depository on its own direction or at the direction of any Book Entry Only Participant.
- (8) The Corporation may terminate the application of this Section 2.6 in its sole discretion in which case all Debentures shall be evidenced by Debenture Certificates registered in the name of a person other than the Depository.

Section 2.7 Debenture Certificate.

- (1) For Debentures issued in certificated form, the form of certificate representing Debentures shall be substantially as set out in Schedule "A" hereto or such other form as is authorized from time to time by the Debenture Trustee. Each Debenture Certificate shall be Authenticated manually on behalf of the Debenture Trustee. Each Debenture Certificate shall be signed by any authorized officer or director of the Corporation, whose signature shall appear on the Debenture Certificate and may be printed, lithographed or otherwise mechanically reproduced thereon and, in such event, certificates so signed are as valid and binding upon the Corporation as if it had been signed manually. Any Debenture Certificate which has two signatures as hereinbefore provided shall be valid notwithstanding that one or more of the persons whose signature is printed, lithographed or mechanically reproduced no longer holds office at

the date of issuance of such certificate. The Debenture Certificates may be engraved, printed or lithographed, or partly in one form and partly in another, as the Debenture Trustee may determine.

- (2) Any Debenture Certificate validly issued in accordance with the terms of this Indenture in effect at the time of issue of such Debenture Certificate shall, subject to the terms of this Indenture and applicable law, validly entitle the holder to receive Common Shares or PV Shares, as applicable, notwithstanding that the form of such Debenture Certificate may not be in the form currently required by this Indenture.
- (3) No Debenture shall be considered issued and shall be valid or obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been Authenticated by the Debenture Trustee. Authentication by the Debenture Trustee shall not be construed as a representation or warranty by the Debenture Trustee as to the validity of this Indenture or of such Debenture Certificates or Uncertificated Debentures (except the due Authentication thereof) or as to the performance by the Corporation of its obligations under this Indenture and the Debenture Trustee shall in no respect be liable or answerable for the use made of the Debentures or any of them or of the consideration thereof. Authentication by the Debenture Trustee shall be conclusive evidence as against the Corporation that the Debentures so Authenticated have been duly issued hereunder and that the holder thereof is entitled to the benefits of this Indenture.
- (4) The Debenture Trustee shall Authenticate Uncertificated Debentures (whether upon original issuance, exchange, registration of transfer, or otherwise) by completing its Internal Procedures and the Corporation shall, and hereby acknowledges that it shall, thereupon be deemed to have duly and validly issued such Uncertificated Debentures under this Indenture. Such Authentication shall be conclusive evidence that such Uncertificated Debenture has been duly issued hereunder and that the holder or holders are entitled to the benefits of this Indenture. The register shall be final and conclusive evidence as to all matters relating to Uncertificated Debentures with respect to which this Indenture requires the Debenture Trustee to maintain records or accounts. In case of differences between the register at any time and any other time the register at the later time shall be controlling, absent manifest error.
- (5) No Certificated Debenture shall be considered issued and Authenticated or, if Authenticated, shall be obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been Authenticated by manual signature by or on behalf of the Debenture Trustee substantially in the form of the Debenture set out in Schedule "A" hereto. Such Authentication on any such Certificated Debenture shall be conclusive evidence that such Certificated Debenture is duly Authenticated and is valid and a binding obligation of the Corporation and that the holder is entitled to the benefits of this Indenture. The Authentication by the Debenture Trustee on any such Certificated Debenture hereunder shall not be construed as a representation or warranty by the Debenture Trustee as to the validity of this Indenture or of such Debenture or its issuance (except the due Authentication thereof and any other warranties by law) or as to the performance by the Corporation of its obligations under this Indenture and the

Debenture Trustee shall in no respect be liable or answerable for the use made of the Debentures or any of them or the proceeds thereof.

- (6) No Uncertificated Debenture shall be considered issued and shall be obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been Authenticated by entry on the register of the particulars of the Uncertificated Debenture. Such entry on the register of the particulars of an Uncertificated Debenture shall be conclusive evidence that such Uncertificated Debenture is a valid and binding obligation of the Corporation and that the holder is entitled to the benefits of this Indenture. Authenticating by way of entry on the register shall not be construed as a representation or warranty by the Debenture Trustee as to the validity of this Indenture or of such Debentures (except the due Authentication thereof) or as to the performance by the Corporation of its obligations under this Indenture and the Debenture Trustee shall in no respect be liable or answerable for the use made of the Uncertificated Debentures or any of them or the proceeds thereof.

Section 2.8 Register of Debentures.

- (1) The Debenture Trustee shall maintain records and accounts concerning the Debentures, whether certificated and uncertificated, which shall contain the information called for below with respect to each Debenture, together with such other information as may be required by law or as the Debenture Trustee may elect to record. All such information shall be kept in one set of accounts and records which the Debenture Trustee shall designate (in such manner as shall permit it to be so identified as such by an unaffiliated party) as the register of the holders of Debentures. The information to be entered for each account in the register of Debentures at any time shall include (without limitation):
- (a) the name and address of the holder of the Debentures, the date of Authentication thereof and the number of Debentures;
 - (b) whether such Debenture is a Certificated Debenture or an Uncertificated Debenture and, if a Debenture Certificate, the unique number or code assigned to and imprinted thereupon and, if an Uncertificated Debenture, the unique number or code assigned thereto if any;
 - (c) whether such Debenture has been cancelled; and
 - (d) a register of transfers in which all transfers of Debentures and the date and other particulars of each transfer shall be entered.
- (2) The register shall be available for inspection by the Corporation and or any Debentureholder during the Debenture Trustee's regular business hours on a Business Day and upon payment to the Debenture Trustee of its reasonable fees. Any Debentureholder exercising such right of inspection shall first provide an affidavit in form satisfactory to the Corporation and the Debenture Trustee stating the name and address of the Debentureholder and agreeing not to use the information therein except in connection with an effort to call a meeting of Debentureholders or to influence the voting of Debentureholders at any meeting of Debentureholders.

- (3) Once an Uncertificated Debenture has been Authenticated, the information set forth in the register with respect thereto at the time of Authentication may be altered, modified, amended, supplemented or otherwise changed only to reflect conversion or proper instructions to the Debenture Trustee from the holder as provided herein, except that the Debenture Trustee may act unilaterally to make purely administrative changes internal to the Debenture Trustee and changes to correct errors. Each person who becomes a holder of an Uncertificated Debenture, by his, her or its acquisition thereof shall be deemed to have irrevocably (i) consented to the foregoing authority of the Debenture Trustee to make such error corrections and (ii) agreed to pay to the Debenture Trustee, promptly upon written demand, the full amount of all loss and expense (including without limitation reasonable legal fees of the Corporation and the Debenture Trustee) plus interest, at an appropriate then prevailing rate of interest to the Debenture Trustee, sustained by the Corporation or the Debenture Trustee as a proximate result of such error if but only if and only to the extent that such present or former holder realized any benefit as a result of such error and could reasonably have prevented, forestalled or minimized such loss and expense by prompt reporting of the error or avoidance of accepting benefits thereof whether or not such error is or should have been timely detected and corrected by the Debenture Trustee; provided, that no person who is a bona fide purchaser shall have any such obligation to the Corporation or to the Debenture Trustee.

Section 2.9 Issue in Substitution for Debenture Certificates Lost, etc.

- (1) If any Debenture Certificate becomes mutilated or is lost, destroyed or stolen, the Corporation, subject to applicable law, shall issue and thereupon the Debenture Trustee shall certify and deliver, a new Debenture Certificate of like tenor, and bearing the same legend, if applicable, as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated Debenture Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Debenture Certificate, and the substituted Debenture Certificate shall be in a form approved by the Debenture Trustee and the Debentures evidenced thereby shall be entitled to the benefits hereof and shall rank equally in accordance with its terms with all other Debentures issued or to be issued hereunder.
- (2) The applicant for the issue of a new Debenture Certificate pursuant to this Section 2.9 shall bear the cost of the issue thereof and in case of loss, destruction or theft shall, as a condition precedent to the issuance thereof, furnish to the Corporation and to the Debenture Trustee such evidence of ownership and of the loss, destruction or theft of the Debenture Certificate so lost, destroyed or stolen as shall be satisfactory to the Corporation and to the Debenture Trustee, each in their sole discretion, and such applicant shall also be required to furnish an indemnity and surety bond in amount and form satisfactory to the Corporation and the Debenture Trustee, in their sole discretion, and shall pay the reasonable charges of the Corporation and the Debenture Trustee in connection therewith.

Section 2.10 Exchange of Debenture Certificates.

- (1) Any one or more Debenture Certificates representing any number of Debentures may, upon compliance with the reasonable requirements of the Debenture Trustee (including compliance with applicable securities legislation), be exchanged for one or more other Debenture Certificates representing the same aggregate number of Debentures, and bearing the same legend, if applicable, as represented by the Debenture Certificate or Debenture Certificates so exchanged.
- (2) Debenture Certificates may be exchanged only at the Debenture Agency or at any other place that is designated by the Corporation with the approval of the Debenture Trustee. Any Debenture Certificate from the holder (or such other instructions, in form satisfactory to the Debenture Trustee), tendered for exchange shall be cancelled and surrendered by the Debenture Agency to the Debenture Trustee.

Section 2.11 Transfer and Ownership of Debentures.

- (1) The Debentures may only be transferred on the register kept by the Debenture Trustee at the Debenture Agency by the holder or its legal representatives or its attorney duly appointed by an instrument in writing in form and execution satisfactory to the Debenture Trustee only upon (a) in the case of a Debenture Certificate, surrendering to the Debenture Trustee at the Debenture Agency the Debenture Certificates representing the Debentures to be transferred together with a duly executed transfer form as set forth in Schedule "A", (b) in the case of Book Entry Only Debentures, in accordance with procedures prescribed by the Depository under the book entry registration system, (c) in the case of Uncertificated Debentures, surrendering to the Debenture Trustee at the Debenture Agency, such other instructions, in form satisfactory to the Debenture Trustee, and (d) upon compliance with:

- (a) the conditions herein;
- (b) such reasonable requirements as the Debenture Trustee may prescribe; and
- (c) all applicable securities legislation and requirements of regulatory authorities;

and such transfer shall be duly noted in such register by the Debenture Trustee. Upon compliance with such requirements, the Debenture Trustee shall issue to the transferee of a Certificated Debenture, a Debenture Certificate, and to the transferee of an Uncertificated Debenture, an Uncertificated Debenture (or it shall Authenticate and deliver a Certificated Debenture instead, upon request), representing the Debentures transferred and the transferee of a Book Entry Only Debenture shall be recorded through the relevant Book Entry Only Participant in accordance with the book entry registration system as the entitlement holder in respect of such Debentures.

- (2) Subject to the provisions of this Indenture and applicable law, the Debentureholder shall be entitled to the rights and privileges attaching to the Debentures, and the issue of PV Shares by the Corporation upon the conversion of Debentures in accordance with the terms and conditions herein contained which shall discharge all responsibilities of the

Corporation and the Debenture Trustee with respect to such Debentures and none of the Corporation or the Debenture Trustee shall be bound to inquire into the title of any such holder.

Section 2.12 Cancellation of Surrendered Debentures.

All Debenture Certificates surrendered pursuant to Section 2.10(1), Section 2.11(1) or Article 3 shall be cancelled by the Debenture Trustee and upon such circumstances all such Debenture Certificates shall be deemed cancelled and so noted on the register by the Debenture Trustee. Upon request by the Corporation, the Debenture Trustee shall furnish to the Corporation a cancellation certificate identifying the Debenture Certificates so cancelled, the number of Debentures evidenced thereby, the number of PV Shares, if any, issued pursuant to the conversion of such Debentures and the details of any Debenture Certificates issued in substitution or exchange for such Debenture Certificates cancelled.

Section 2.13 Concerning Interest.

- (1) All Debentures issued hereunder, whether originally or upon exchange or in substitution for previously issued Debentures which are interest bearing, shall bear interest at a rate of 15.00% per annum calculated from and including their Issue Date.
- (2) Unless otherwise specifically provided in the terms of the Debentures, interest shall be computed on the basis of a year of 365 days. With respect to the Debentures, whenever interest is computed on the basis of a year (the "deemed year") which contains more days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

Section 2.14 Payments of Amounts Due on Maturity.

- (1) Except as may otherwise be provided herein, including Section 2.14(2) or in any supplemental indenture in respect of the Debentures, payments of amounts due upon maturity of the Debentures will be made in the following manner. The Corporation will establish and maintain with the Debenture Trustee a Maturity Account for the Debentures. Each such Maturity Account shall be maintained by and be subject to the control of the Debenture Trustee for the purposes of this Indenture. On or before 1:00 p.m. (Toronto time) on the Maturity Date for Debentures outstanding under this Indenture, the Corporation will deliver to the Debenture Trustee a certified cheque or wire transfer for deposit in the applicable Maturity Account in an amount sufficient to pay the cash amount payable in respect of such Debentures (including the principal amount together with any accrued and unpaid interest thereon less any tax required by law to be deducted), provided the Corporation may elect to satisfy this requirement by providing the Debenture Trustee with a cheque or wire transfer for such amounts required under this Section 2.14 post-dated to the Maturity Date. The Debenture Trustee, on behalf of the Corporation, will pay to each holder entitled to receive payment the principal amount of and accrued and unpaid interest on the Debenture, upon surrender of the Debenture at any branch of the Debenture Trustee designated for such purpose

from time to time by the Corporation and the Debenture Trustee. The delivery of such funds to the Debenture Trustee for deposit to the applicable Maturity Account will satisfy and discharge the liability of the Corporation for the Debentures to which the delivery of funds relates to the extent of the amount delivered (plus the amount of any tax deducted as aforesaid) and such Debentures will thereafter to that extent not be considered as outstanding under this Indenture and such holder will have no other right in regard thereto other than to receive out of the money so delivered or made available the amount to which it is entitled.

- (2) Notwithstanding the procedure outlined in Section 2.14(1) above, Debentureholders shall, subject to applicable regulatory approval, be entitled to elect to convert the principal amount of the Debentures held, directly or indirectly, by them to PV Shares at the Conversion Price on the Maturity Date in accordance with Article 3 hereof, and such conversion shall satisfy the obligation of the Corporation to repay the principal amount of such Debentures on the Maturity Date. For the avoidance of doubt, the Corporation shall satisfy its obligations to pay any accrued and unpaid interest on the Debentures (less any tax required by law to be deducted) in cash in accordance with Section 2.14(1).

ARTICLE 3 CONVERSION OF DEBENTURES

Section 3.1 Debenture Conversion.

- (1) The holder of each Debenture shall have the right at such holder's option, prior to the close of business on the Maturity Date, but effective as of the Maturity Date, to convert any part, being US\$1,000 or an integral multiple thereof, of the principal amount of a Debenture into (i) in the case of Debentureholders not resident in the United States, into fully-paid Common Shares at the Common Share Conversion Price and (ii) in the case of Debentureholders resident in the United States, into fully-paid PV Shares at the PV Share Conversion Price.
- (2) Except as provided below, no adjustment in the number of Shares to be issued upon conversion will be made for dividends or distributions on Shares issuable upon conversion, the record date for the payment of which precedes the date upon which the holder becomes a holder of Shares in accordance with Section 3.1, or for interest accrued on Debentures surrendered. No fractional Shares will be issued, and holders will receive a cash payment in satisfaction of any fractional interest. The Conversion Price applicable to, and the Shares, securities or other property receivable on the conversion of, the Debentures is subject to adjustment pursuant to the provisions of Article 5.
- (3) Holders converting their Debentures will receive, in addition to the applicable number of Shares, accrued and unpaid interest (less any taxes required to be deducted) in respect of the Debentures surrendered for conversion up to but excluding the Maturity Date from, and including, their Issue Date. For clarity, payment of such interest shall be paid in cash on the Maturity Date in accordance with Section 2.14.
- (4) For the purposes of this Article 3, a Debenture surrendered for conversion shall be deemed to be surrendered on the Maturity Date, provided that the register of the

Debenture Trustee is open and in accordance with the provisions of this Indenture or, in the case of a CDS Global Debenture, which the Debenture Trustee received notice of and all necessary documentation in respect of the conversion; provided that if a Debenture is surrendered for conversion on a day on which the register of Shares is closed, the person or persons entitled to receive Shares shall become the holder or holders of record of such Shares as at the date on which such registers are next reopened.

- (5) The Conversion Price will not be adjusted for accrued interest.
- (6) A Debenture in respect of which a holder has accepted a notice in respect of a Change of Control Purchase Offer pursuant to the provisions of Section 3.2 may be surrendered for conversion on the Maturity Date only if such notice is withdrawn in accordance with this Indenture.

Section 3.2 Change of Control.

- (1) Within 30 days following the occurrence of a Change of Control, and subject to the provisions and conditions of this Section 3.2, the Corporation shall, at the option of each Debentureholder, be obligated to offer to purchase all of the Debentures then outstanding or convert, (i) in the case of Debentures held by Debentureholders not resident in the United States, into Common Shares and (ii) in the case of Debentures held by Debentureholders resident in the United States, into PV Shares, all of the Debentures then outstanding. The terms and conditions of such obligation are set forth below:
 - (a) Within 30 days following the occurrence of a Change of Control, the Corporation shall deliver to the Debenture Trustee, and the Debenture Trustee shall promptly deliver to the holders of the Debentures, a notice stating that there has been a Change of Control and specifying the date on which such Change of Control occurred and the circumstances or events giving rise to such Change of Control (a **"Change of Control Notice"**) together with an offer in writing to, at the option of the Debentureholder, purchase (the **"Change of Control Purchase Offer"**), on the Change of Control Purchase Date (as defined below), all of the Debentures then outstanding from the holders thereof made in accordance with the requirements of Applicable Legislation at a cash price per Debenture equal to the principal amount thereof plus accrued and unpaid interest on such Debentures up to, but excluding, the Change of Control Purchase Date. The **"Change of Control Purchase Date"** shall be the date that is 30 Business Days after the date that the Change of Control Notice and Change of Control Purchase Offer are delivered or mailed to holders of Debentures.
- (2) A beneficial holder of Uncertificated Debentures evidenced by a security entitlement in respect of Debentures in the book entry registration system who desires to convert his or her Debentures must do so by causing a Book Entry Only Participant to deliver to the Depository on behalf of the entitlement holder, notice of the owner's intention to convert Debentures in a manner acceptable to the Depository. Forthwith upon receipt by the Depository of such notice, the Depository shall deliver to the Debenture Trustee

confirmation of its intention to convert Debentures ("**Confirmation**") in a manner acceptable to the Debenture Trustee, including by electronic means through the book entry registration system.

- (3) A notice in form acceptable to the Book Entry Only Participant should be provided to the Book Entry Only Participant sufficiently in advance so as to permit the Book Entry Only Participant to deliver notice and payment to the Depository and for the Depository in turn to deliver notice and payment to the Debenture Trustee prior to the Maturity Date. The Depository will initiate the conversion by way of the Confirmation and the Debenture Trustee will execute the conversion by issuing to the Depository through the book entry registration system or as a physical certificate the Shares to which the exercising Debentureholder is entitled pursuant to the conversion. Any expense associated with the conversion process will be for the account of the entitlement holder converting the Debenture and the Book Entry Only Participant exercising the Debenture on its behalf.
- (4) By causing a Book Entry Only Participant to deliver notice to the Depository, a Debentureholder shall be deemed to have irrevocably surrendered his or her Debentures so converted and appointed such Book Entry Only Participant to act as his or her exclusive settlement agent with respect to the conversion and the receipt of Shares in connection with the obligations arising from such conversion.
- (5) Any notice which the Depository determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the conversion to which it relates shall be considered for all purposes not to have been converted thereby. A failure by a Book Entry Only Participant to convert or to give effect to the settlement thereof in accordance with the Debentureholder's instructions will not give rise to any obligations or liability on the part of the Corporation or Debenture Trustee to the Book Entry Only Participant or the Debentureholder.
- (6) Any Conversion Notice referred to in this Section 3.2 shall be signed by the Registered Debentureholder, or its executors or administrators or other legal representatives or an attorney of the Registered Debentureholder, duly appointed by an instrument in writing satisfactory to the Debenture Trustee but such conversion form need not be executed by the Depository.
- (7) Any conversion referred to in this Section 3.2 shall require that the original Conversion Notice executed by the Registered Debentureholder or the Confirmation from the Depository must be received by the Debenture Trustee prior to the Maturity Date.
- (8) Notwithstanding the foregoing in this Section 3.2, a Debenture may only be converted pursuant to this Section 3.2 by or on behalf of a Registered Debentureholder, except the Depository or Debentureholder, as applicable, who makes the certifications set forth on the Conversion Notice set out in Schedule "B".
- (9) If the form of Conversion Notice set forth in the Debenture Certificate shall have been amended, the Corporation shall cause the amended Conversion Notice to be forwarded to all Registered Debentureholders.

- (10) Conversion Notices and Confirmations must be delivered to the Debenture Trustee at any time during the Debenture Trustee's actual business hours on any Business Day prior to the Maturity Date. Any Conversion Notice or Confirmations received by the Debenture Trustee after business hours on any Business Day other than the Maturity Date will be deemed to have been received by the Debenture Trustee on the next following Business Day.
- (11) Any Debenture with respect to which a Conversion Notice or a Confirmation is not received by the Debenture Trustee before the Maturity Date shall be deemed to have expired and become void and all rights with respect to such Debentures shall terminate and be cancelled.

Section 3.3 Conversion by U.S. Persons.

- (1) The Debentures issuable pursuant to this Indenture and the Shares issuable on the conversion thereof have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States.
- (2) Each Debenture Certificate originally issued in the United States or to, or for the account or benefit of, a person in the United States or a U.S. Person (other than "Qualified Institutional Buyers"), and all certificates representing Shares issued on the conversion thereof, and all certificates issued in exchange or in substitution thereof or upon transfer thereof, shall bear the following legend:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF GREEN GROWTH BRANDS INC. (THE "CORPORATION"), THAT THESE SECURITIES 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 UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE CANADIAN LOCAL LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH (1) RULE 144A UNDER THE U.S. SECURITIES ACT, IF APPLICABLE, OR (2) RULE 144 UNDER THE U.S. SECURITIES ACT, IF APPLICABLE, 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)(2) OR (D) ABOVE, A LEGAL OPINION SATISFACTORY TO THE CORPORATION MUST FIRST BE PROVIDED. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."

No transfer of Debentures evidenced by a Debenture Certificate bearing the legend set forth in Section 3.3(2) above shall be made except in accordance with the requirements of such legend and subject to this Indenture.

Section 3.4 Transfer Fees and Taxes.

If any Shares are to be issued to a person or persons other than the Registered Debentureholder, the Registered Debentureholder shall execute the form of transfer and will comply with such reasonable requirements as the Debenture Trustee may stipulate and will pay to the Corporation or the Debenture Trustee on behalf of the Corporation, all applicable transfer or similar taxes and the Corporation will not be required to issue or deliver certificates evidencing the Shares unless or until such Debentureholder shall have paid to the Corporation or the Debenture Trustee on behalf of the Corporation, the amount of such tax or shall have established to the satisfaction of the Corporation and the Debenture Trustee that such tax has been paid or that no tax is due.

Section 3.5 Debenture Agency.

To facilitate the exchange, transfer or conversion of Debentures and compliance with such other terms and conditions hereof as may be required, the Corporation has appointed the Debenture Agency, as the agency at which Debentures may be surrendered for exchange or transfer or at which Debentures may be converted and the Debenture Trustee has accepted such appointment. The Corporation may from time to time designate alternate or additional places as the Debenture Agency (subject to the Debenture Trustee's prior approval) and will give notice to the Debenture Trustee of any proposed change of the Debenture Agency. Branch registers shall also be kept at such other place or places, if any, as the Corporation, with the approval of the Debenture Trustee, may designate. The Debenture Trustee will from time to time when requested to do so by the Corporation or any Registered Debentureholder, upon payment of the Debenture Trustee's reasonable charges, furnish a list of the names and addresses of Registered Debentureholders showing the number of Debentures held by each such Registered Debentureholder.

Section 3.6 Securities Restrictions.

Notwithstanding anything herein contained, Shares will be issued upon conversion of a Debenture only in compliance with the securities laws of any applicable jurisdiction and, without limiting the generality of the foregoing, the Corporation will legend the certificates representing the Shares if, in the opinion of Counsel, such legend is necessary in order to comply with the securities law of any applicable jurisdiction or the rules of any applicable stock exchange. Notwithstanding any other provisions of this Indenture, in processing and registering transfers of Debentures, and in processing conversions of Debentures, no duty or responsibility whatsoever shall rest upon the Debenture Trustee to determine the compliance by any transferor or transferee or by a holder converting Debentures with the terms of any legend affixed on the Debenture certificates, or with the relevant securities laws or regulations, including, without limitation, Regulation S under the U.S. Securities Act, and the Debenture Trustee shall be entitled to assume that all transfers and conversions of Debentures are legal and proper.

ARTICLE 4

ADJUSTMENT OF NUMBER OF COMMON SHARES AND CONVERSION PRICE

Section 4.1 Adjustment of Number of Common Shares and Common Share Conversion Price.

The conversion rights in effect under the Debentures for Common Shares issuable upon the conversion of the Debentures shall be subject to adjustment from time to time as follows:

- (a) if, at any time prior to the Maturity Date, the Corporation shall:
 - (i) subdivide, re-divide or change its outstanding Common Shares into a greater number of Common Shares;
 - (ii) reduce, combine or consolidate its outstanding Common Shares into a smaller number of Common Shares; or
 - (iii) issue Common Shares or securities exchangeable for, or convertible into, Common Shares to all or substantially all of the holders of Common Shares by way of distribution (other than a distribution of Common Shares upon the conversion of Debentures);

the Common Share Conversion Price in effect on the effective date of such subdivision, re-division, change, reduction, combination, consolidation or on the record date of such distribution, as the case may be, shall in the case of the events referred to in (i) or (iii) above be decreased in proportion to the number of outstanding Common Shares resulting from such subdivision, re-division, change or distribution, or shall, in the case of the events referred to in (ii) above, be increased in proportion to the number of outstanding Common Shares resulting from such reduction, combination or consolidation. Such adjustment shall be made successively whenever any event referred to in this Section 4.1(a) shall occur. Upon any adjustment of the Common Share Conversion Price pursuant to Section 4.1(a), the Common Share Conversion Price shall be contemporaneously adjusted by multiplying the number of Common Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the Common Share Conversion Price in effect immediately prior to such adjustment and the denominator shall be the Common Share Conversion Price resulting from such adjustment;

- (b) if and whenever at any time prior to the Maturity Date, the Corporation shall fix a record date for the issuance of rights, options or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares (or securities convertible or exchangeable into Common Shares) at a price per Common Share (or having a conversion or exchange price per Common Share) less than 95% of the Common Share Current Market Price on such record date (a “**Common Share Rights Offering**”), the Common Share Conversion Price shall be adjusted immediately after such record date so that it shall equal the amount determined by multiplying the Common

Share Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date plus a number of Common Shares equal to the number arrived at by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered) by such Common Share Current Market Price, and of which the denominator shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase or into which the convertible or exchangeable securities so offered are convertible or exchangeable; any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such computation; such adjustment shall be made successively whenever such a record date is fixed; to the extent that no such rights or warrants are exercised prior to the expiration thereof, the Common Share Conversion Price shall be readjusted to the Common Share Conversion Price which would then be in effect if such record date had not been fixed or, if any such rights or warrants are exercised, to the Common Share Conversion Price which would then be in effect based upon the number of Common Shares (or securities convertible or exchangeable into Common Shares) actually issued upon the exercise of such rights or warrants, as the case may be. Upon any adjustment of the Common Share Conversion Price pursuant to this Section 4.1(b), the Common Share Conversion Price will be adjusted immediately after such record date so that it will equal the rate determined by multiplying the Common Share Conversion Price in effect on such record date by a fraction, of which the numerator shall be the Common Share Conversion Price in effect immediately prior to such adjustment and the denominator shall be the Common Share Conversion Price resulting from such adjustment. Such adjustment will be made successively whenever such a record date is fixed, provided that if two or more such record dates or record dates referred to in this Section 4.1(b) are fixed within a period of 25 Trading Days, such adjustment will be made successively as if each of such record dates occurred on the earliest of such record dates;

- (c) if and whenever at any time prior to the Maturity Date the Corporation shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of (i) securities of any class, whether of the Corporation or any other entity (other than Common Shares), (ii) rights, options or warrants to subscribe for or purchase Common Shares (or other securities convertible into or exchangeable for Common Shares), other than pursuant to a Common Share Rights Offering; (iii) evidences of its indebtedness or (iv) any property or other assets then, in each such case, the Common Share Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Common Share Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date multiplied by the Common Share Current Market Price on such record date, less the excess, if any, of the fair market value on such record date, as determined by the Corporation

(whose determination shall be conclusive), of such securities or other assets so issued or distributed over the fair market value of any consideration received therefor by the Corporation from the holders of the Common Shares, and of which the denominator shall be the total number of Common Shares outstanding on such record date multiplied by such Common Share Current Market Price; and Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such computation; such adjustment shall be made successively whenever such a record date is fixed; to the extent that such distribution is not so made, the Common Share Conversion Price shall be readjusted to the Common Share Conversion Price which would then be in effect if such record date had not been fixed. Upon any adjustment of the Common Share Conversion Price pursuant to this Section 4.1(c), the Common Share Conversion Price will be adjusted immediately after such record date so that it will equal the rate determined by multiplying the Common Share Conversion Price in effect on such record date by a fraction, of which the numerator shall be the Common Share Conversion Price in effect immediately prior to such adjustment and the denominator shall be the Common Share Conversion Price resulting from such adjustment;

- (d) if and whenever at any time prior to the Maturity Date, there is a reclassification of the Common Shares or a capital reorganization of the Corporation other than as described in Section 4.1(a) or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other body corporate, trust, partnership or other entity, or a sale or conveyance of the property and assets of the Corporation as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity, any Registered Debentureholder who has not exercised its right of acquisition prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, arrangement or merger, sale or conveyance, upon the exercise of such right thereafter, shall be entitled to receive and shall accept, in lieu of the number of Common Shares that prior to such effective date the Registered Debentureholder would have been entitled to receive, the number of shares or other securities or property of the Corporation or of the body corporate, trust, partnership or other entity resulting from such merger, amalgamation or consolidation, or to which such sale or conveyance may be made, as the case may be, that such Registered Debentureholder would have been entitled to receive on such reclassification, capital reorganization, consolidation, amalgamation, arrangement or merger, sale or conveyance, if, on the effective date thereof, as the case may be, the Registered Debentureholder had been the registered holder of the number of Common Shares to which prior to such effective date it was entitled to acquire upon the conversion of the Debentures. If determined appropriate by the Debenture Trustee, relying on advice of Counsel, to give effect to or to evidence the provisions of this Section 4.1(d), the Corporation, its successor, or such purchasing body corporate, partnership, trust or other entity, as the case may be, shall, prior to or contemporaneously with any such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance, enter into an indenture which shall provide, to the extent possible,

for the application of the provisions set forth in this Indenture with respect to the rights and interests thereafter of the Registered Debentureholders to the end that the provisions set forth in this Indenture shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any shares, other securities or property to which a Registered Debentureholder is entitled on the exercise of its acquisition rights thereafter. Any indenture entered into between the Corporation and the Debenture Trustee pursuant to the provisions of this Section 4.1(d) shall be a supplemental indenture entered into pursuant to the provisions of Article 9 hereof. Any indenture entered into between the Corporation, any successor to the Corporation or such purchasing body corporate, partnership, trust or other entity and the Debenture Trustee shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 4.1(d) and which shall apply to successive reclassifications, capital reorganizations, amalgamations, consolidations, mergers, sales or conveyances;

- (e) in any case in which this Section 4.1(e) shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the Registered Debentureholder of any Debenture converted after such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to such Registered Debentureholder an appropriate instrument evidencing such Registered Debentureholder's right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Common Shares declared in favour of holders of record of Common Shares on and after the relevant date of conversion or such later date as such Registered Debentureholder would, but for the provisions of this Section 4.1(e), have become the holder of record of such additional Common Shares pursuant to Section 4.1;
- (f) in any case in which Section 4.1(a)(iii), Section 4.1(b) or Section 4.1(c) require that an adjustment be made to the Common Share Conversion Price, no such adjustment shall be made if the Registered Debentureholders of the outstanding Debentures receive, subject to the approval of the CSE if required, the rights or warrants referred to in Section 4.1(a)(iii), Section 4.1(b) or the shares, rights, options, warrants, evidences of indebtedness or assets referred to in Section 4.1(c), as the case may be, in such kind and number as they would have received if they had been holders of Common Shares on the applicable record date or effective date, as the case may be, by virtue of their outstanding Debenture having then been converted into Common Shares at the Common Share Conversion Price in effect on the applicable record date or effective date, as the case may be;
- (g) the adjustments provided for in this Section 4.1 are cumulative, and shall, in the case of adjustments to the Common Share Conversion Price be computed to the

nearest whole cent and shall apply to successive subdivisions, re-divisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section 4.1, provided that, notwithstanding any other provision of this Section 4.1, no adjustment of the Common Share Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Common Share Conversion Price then in effect; provided, however, that any adjustments which by reason of this Section 4.1(g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment; and

- (h) after any adjustment pursuant to this Section 4.1, the term “**Common Shares**” where used in this Indenture 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 4.1, the Registered Debentureholder is entitled to receive upon the conversion of his Debenture, and the number of Common Shares indicated by any conversion made pursuant to a Debenture shall be interpreted to mean the number of Common Shares or other property or securities a Registered Debentureholder is entitled to receive, as a result of such adjustment and all prior adjustments pursuant to this Section 4.1, upon the full or partial conversion of a Debenture.

Section 4.2 Entitlement to Common Shares on Conversion of Debentures.

All Common Shares or shares of any class or other securities, which a Registered Debentureholder is at the time in question entitled to receive on the conversion of its Debenture, whether or not as a result of adjustments made pursuant to this Article 4, shall, for the purposes of the interpretation of this Indenture, be deemed to be Common Shares which such Registered Debentureholder is entitled to acquire pursuant to such Debenture.

Section 4.3 No Adjustment for Certain Transactions.

Notwithstanding anything in this Article 4, no adjustment shall be made in the acquisition rights attached to the Debentures if the issue of Common Shares (or Common Shares) is being made pursuant to this Indenture or in connection with (a) any share incentive plan or restricted share plan or share purchase plan in force from time to time for directors, officers, employees, consultants or other service providers of the Corporation; or (b) the satisfaction of existing instruments issued at the date hereof.

Section 4.4 Determination by Auditors.

In the event of any question arising with respect to the adjustments provided for in this Article 4 such question shall be conclusively determined by an independent firm of chartered accountants other than the auditors of the Corporation, who shall have access to all necessary records of the Corporation, and such determination shall be binding upon the Corporation, the Debenture Trustee, all holders and all other persons interested therein.

Section 4.5 Proceedings Prior to any Action Requiring Adjustment.

As a condition precedent to the taking of any action which would require an adjustment in any of the acquisition rights pursuant to any of the Debentures, including the number of Common Shares which are to be received upon the conversion thereof, the Corporation shall take any action which may, in the opinion of Counsel, be necessary in order that the Corporation has unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the Common Shares which the holders of such Debentures are entitled to receive on the conversion thereof in accordance with the provisions hereof.

Section 4.6 Certificate of Adjustment.

The Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in this Article 4, deliver a certificate of the Corporation to the Debenture Trustee specifying the nature of the event requiring the same and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate shall be supported by a certificate of the Corporation's auditors verifying such calculation. The Debenture Trustee shall rely, and shall be protected in so doing, upon the certificate of the Corporation or of the Corporation's auditor and any other document filed by the Corporation pursuant to this Article 4 for all purposes.

Section 4.7 Notice of Special Matters.

The Corporation covenants with the Debenture Trustee that, so long as any Debentures remain outstanding, it will give notice to the Debenture Trustee and to the Registered Debentureholders of its intention to fix a record date that is prior to the Maturity Date for any matter for which an adjustment may be required pursuant to Section 4.1. Such notice shall specify the particulars of such event and the record date for such event, provided that the Corporation shall only be required to specify in the notice such particulars of the event as shall have been fixed and determined on the date on which the notice is given. The notice shall be given in each case not less than 14 days prior to such applicable record date. If notice has been given and the adjustment is not then determinable, the Corporation shall promptly, after the adjustment is determinable, file with the Debenture Trustee a computation of the adjustment and give notice to the Registered Debentureholders of such adjustment computation.

Section 4.8 Protection of Debenture Trustee.

The Debenture Trustee shall not:

- (a) at any time be under any duty or responsibility to any Registered Debentureholder to determine whether any facts exist which may require any adjustment contemplated by Section 4.1, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;

- (b) be accountable with respect to the validity or value (or the kind or amount) of any Common Shares or of any other securities or property which may at any time be issued or delivered upon the exercise of the rights attaching to any Debenture; and
- (c) incur any liability or be in any way responsible for the consequences of any breach on the part of the Corporation of any of the representations, warranties or covenants herein contained or of any acts of the directors, officers, employees, agents or servants of the Corporation.

Section 4.9 Other Adjustments.

If the Corporation after the date hereof shall take any action affecting the Common Shares (or Common Shares), other than an action described in this Article 4 which, in the opinion of the directors of the Corporation, would have a material adverse effect on the rights of Registered Debentureholders, or the Common Share Conversion Price, there shall be an adjustment in such manner, if any, and at such time, by action of the directors, acting reasonably and in good faith, as they may reasonably determine to be equitable to the Registered Debentureholders in such circumstances, provided that no such adjustment will be made unless prior approval of any stock exchange on which the Common Shares are listed for trading, if any, has been obtained.

Section 4.10 Participation by Debentureholder.

No adjustments shall be made pursuant to this Article 4 if the Registered Debentureholders are entitled to participate in any event described in this Article 4 on the same terms, mutatis mutandis, as if the Registered Debentureholders had converted their Debentures prior to, or on the effective date or record date of, such event.

ARTICLE 5

ADJUSTMENT OF NUMBER OF PV SHARES AND PV SHARE CONVERSION PRICE

Section 5.1 Adjustment of Number of PV Shares and PV Share Conversion Price.

The conversion rights in effect under the Debentures for PV Shares issuable upon the conversion of the Debentures shall be subject to adjustment from time to time as follows:

- (a) if, at any time prior to the Maturity Date, the Corporation shall:
 - (i) subdivide, re-divide or change its outstanding PV Shares into a greater number of PV Shares;
 - (ii) reduce, combine or consolidate its outstanding PV Shares into a smaller number of PV Shares; or
 - (iii) issue PV Shares or securities exchangeable for, or convertible into, PV Shares to all or substantially all of the holders of PV Shares by way of distribution (other than a distribution of PV Shares upon the conversion of Debentures);

the PV Share Conversion Price in effect on the effective date of such subdivision, re-division, change, reduction, combination, consolidation or on the record date of such distribution, as the case may be, shall in the case of the events referred to in (i) or (iii) above be decreased in proportion to the number of outstanding PV Shares resulting from such subdivision, re-division, change or distribution, or shall, in the case of the events referred to in (ii) above, be increased in proportion to the number of outstanding PV Shares resulting from such reduction, combination or consolidation. Such adjustment shall be made successively whenever any event referred to in this Section 5.1(a) shall occur. Upon any adjustment of the PV Share Conversion Price pursuant to Section 5.1(a), the PV Share Conversion Price shall be contemporaneously adjusted by multiplying the number of PV Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the PV Share Conversion Price in effect immediately prior to such adjustment and the denominator shall be the PV Share Conversion Price resulting from such adjustment;

- (b) if and whenever at any time prior to the Maturity Date, the Corporation shall fix a record date for the issuance of rights, options or warrants to all or substantially all the holders of its outstanding PV Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase PV Shares (or securities convertible or exchangeable into PV Shares) at a price per PV Share (or having a conversion or exchange price per PV Share) less than 95% of the PV Share Current Market Price on such record date (a “**PV Share Rights Offering**”), the PV Share Conversion Price shall be adjusted immediately after such record date so that it shall equal the amount determined by multiplying the PV Share Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of PV Shares outstanding on such record date plus a number of PV Shares equal to the number arrived at by dividing the aggregate price of the total number of additional PV Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered) by such PV Share Current Market Price, and of which the denominator shall be the total number of PV Shares outstanding on such record date plus the total number of additional PV Shares offered for subscription or purchase or into which the convertible or exchangeable securities so offered are convertible or exchangeable; any PV Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such computation; such adjustment shall be made successively whenever such a record date is fixed; to the extent that no such rights or warrants are exercised prior to the expiration thereof, the PV Share Conversion Price shall be readjusted to the PV Share Conversion Price which would then be in effect if such record date had not been fixed or, if any such rights or warrants are exercised, to the PV Share Conversion Price which would then be in effect based upon the number of PV Shares (or securities convertible or exchangeable into PV Shares) actually issued upon the exercise of such rights or warrants, as the case may be. Upon any adjustment of the PV Share Conversion Price pursuant to this Section 5.1(b), the PV Share Conversion Price will be adjusted immediately after such record date so that it will equal the rate determined by multiplying the PV Share Conversion Price in effect on such

record date by a fraction, of which the numerator shall be the PV Share Conversion Price in effect immediately prior to such adjustment and the denominator shall be the PV Share Conversion Price resulting from such adjustment. Such adjustment will be made successively whenever such a record date is fixed, provided that if two or more such record dates or record dates referred to in this Section 5.1(b) are fixed within a period of 25 Trading Days, such adjustment will be made successively as if each of such record dates occurred on the earliest of such record dates;

- (c) if and whenever at any time prior to the Maturity Date the Corporation shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding PV Shares of (i) securities of any class, whether of the Corporation or any other entity (other than PV Shares), (ii) rights, options or warrants to subscribe for or purchase PV Shares (or other securities convertible into or exchangeable for PV Shares), other than pursuant to a PV Share Rights Offering; (iii) evidences of its indebtedness or (iv) any property or other assets then, in each such case, the PV Share Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the PV Share Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of PV Shares outstanding on such record date multiplied by the PV Share Current Market Price on such record date, less the excess, if any, of the fair market value on such record date, as determined by the Corporation (whose determination shall be conclusive), of such securities or other assets so issued or distributed over the fair market value of any consideration received therefor by the Corporation from the holders of the PV Shares, and of which the denominator shall be the total number of PV Shares outstanding on such record date multiplied by such PV Share Current Market Price; and PV Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such computation; such adjustment shall be made successively whenever such a record date is fixed; to the extent that such distribution is not so made, the PV Share Conversion Price shall be readjusted to the PV Share Conversion Price which would then be in effect if such record date had not been fixed. Upon any adjustment of the PV Share Conversion Price pursuant to this Section 5.1(c), the PV Share Conversion Price will be adjusted immediately after such record date so that it will equal the rate determined by multiplying the PV Share Conversion Price in effect on such record date by a fraction, of which the numerator shall be the PV Share Conversion Price in effect immediately prior to such adjustment and the denominator shall be the PV Share Conversion Price resulting from such adjustment;
- (d) if and whenever at any time prior to the Maturity Date, there is a reclassification of the PV Shares or a capital reorganization of the Corporation other than as described in Section 5.1(a) or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other body corporate, trust, partnership or other entity, or a sale or conveyance of the property and assets of the Corporation as an entirety or substantially as an entirety to any other body

corporate, trust, partnership or other entity, any Registered Debentureholder who has not exercised its right of acquisition prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, arrangement or merger, sale or conveyance, upon the exercise of such right thereafter, shall be entitled to receive and shall accept, in lieu of the number of PV Shares that prior to such effective date the Registered Debentureholder would have been entitled to receive, the number of shares or other securities or property of the Corporation or of the body corporate, trust, partnership or other entity resulting from such merger, amalgamation or consolidation, or to which such sale or conveyance may be made, as the case may be, that such Registered Debentureholder would have been entitled to receive on such reclassification, capital reorganization, consolidation, amalgamation, arrangement or merger, sale or conveyance, if, on the effective date thereof, as the case may be, the Registered Debentureholder had been the registered holder of the number of PV Shares to which prior to such effective date it was entitled to acquire upon the conversion of the Debentures. If determined appropriate by the Debenture Trustee, relying on advice of Counsel, to give effect to or to evidence the provisions of this Section 5.1(d), the Corporation, its successor, or such purchasing body corporate, partnership, trust or other entity, as the case may be, shall, prior to or contemporaneously with any such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance, enter into an indenture which shall provide, to the extent possible, for the application of the provisions set forth in this Indenture with respect to the rights and interests thereafter of the Registered Debentureholders to the end that the provisions set forth in this Indenture shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any shares, other securities or property to which a Registered Debentureholder is entitled on the exercise of its acquisition rights thereafter. Any indenture entered into between the Corporation and the Debenture Trustee pursuant to the provisions of this Section 5.1(d) shall be a supplemental indenture entered into pursuant to the provisions of Article 9 hereof. Any indenture entered into between the Corporation, any successor to the Corporation or such purchasing body corporate, partnership, trust or other entity and the Debenture Trustee shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 5.1(d) and which shall apply to successive reclassifications, capital reorganizations, amalgamations, consolidations, mergers, sales or conveyances;

- (e) in any case in which this Section 5.1(e) shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the Registered Debentureholder of any Debenture converted after such event the additional PV Shares issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to such Registered Debentureholder an appropriate instrument evidencing such Registered Debentureholder's right to receive such additional PV Shares upon the occurrence of the event requiring

such adjustment and the right to receive any distributions made on such additional PV Shares declared in favour of holders of record of PV Shares on and after the relevant date of conversion or such later date as such Registered Debentureholder would, but for the provisions of this Section 5.1(e), have become the holder of record of such additional PV Shares pursuant to Section 5.1;

- (f) in any case in which Section 5.1(a)(iii), Section 5.1(b) or Section 5.1(c) require that an adjustment be made to the PV Share Conversion Price, no such adjustment shall be made if the Registered Debentureholders of the outstanding Debentures receive, subject to the approval of the CSE if required, the rights or warrants referred to in Section 5.1(a)(iii), Section 5.1(b) or the shares, rights, options, warrants, evidences of indebtedness or assets referred to in Section 5.1(c), as the case may be, in such kind and number as they would have received if they had been holders of PV Shares on the applicable record date or effective date, as the case may be, by virtue of their outstanding Debenture having then been converted into PV Shares at the PV Share Conversion Price in effect on the applicable record date or effective date, as the case may be;
- (g) the adjustments provided for in this Section 5.1 are cumulative, and shall, in the case of adjustments to the PV Share Conversion Price be computed to the nearest whole cent and shall apply to successive subdivisions, re-divisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section 5.1, provided that, notwithstanding any other provision of this Section 4.1, no adjustment of the PV Share Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the PV Share Conversion Price then in effect; provided, however, that any adjustments which by reason of this Section 5.1(g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment; and
- (h) after any adjustment pursuant to this Section 5.1, the term “**PV Shares**” where used in this Indenture 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 5.1, the Registered Debentureholder is entitled to receive upon the conversion of his Debenture, and the number of PV Shares indicated by any conversion made pursuant to a Debenture shall be interpreted to mean the number of PV Shares or other property or securities a Registered Debentureholder is entitled to receive, as a result of such adjustment and all prior adjustments pursuant to this Section 5.1, upon the full or partial conversion of a Debenture.
- (i) Without duplication of any rights, privileges or restrictions provided to holders of PV Shares, whether as part of the rights, privileges and restrictions attaching to the PV Shares in the Corporation’s articles or otherwise, in the event that the Common Shares are subject to an event of the nature described in this Article 5 a corresponding adjustment shall be made to the PV Shares and the PV Share Conversion Price on the basis of 500 Common Shares for each PV Share.

Section 5.2 Entitlement to PV Shares on Conversion of Debentures.

All PV Shares or shares of any class or other securities, which a Registered Debentureholder is at the time in question entitled to receive on the conversion of its Debenture, whether or not as a result of adjustments made pursuant to this Article 5, shall, for the purposes of the interpretation of this Indenture, be deemed to be PV Shares which such Registered Debentureholder is entitled to acquire pursuant to such Debenture.

Section 5.3 No Adjustment for Certain Transactions.

Notwithstanding anything in this Article 5, no adjustment shall be made in the acquisition rights attached to the Debentures if the issue of PV Shares (or Common Shares) is being made pursuant to this Indenture or in connection with (a) any share incentive plan or restricted share plan or share purchase plan in force from time to time for directors, officers, employees, consultants or other service providers of the Corporation; or (b) the satisfaction of existing instruments issued at the date hereof.

Section 5.4 Determination by Auditors.

In the event of any question arising with respect to the adjustments provided for in this Article 5 such question shall be conclusively determined by an independent firm of chartered accountants other than the auditors of the Corporation, who shall have access to all necessary records of the Corporation, and such determination shall be binding upon the Corporation, the Debenture Trustee, all holders and all other persons interested therein.

Section 5.5 Proceedings Prior to any Action Requiring Adjustment.

As a condition precedent to the taking of any action which would require an adjustment in any of the acquisition rights pursuant to any of the Debentures, including the number of PV Shares which are to be received upon the conversion thereof, the Corporation shall take any action which may, in the opinion of Counsel, be necessary in order that the Corporation has unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the PV Shares which the holders of such Debentures are entitled to receive on the conversion thereof in accordance with the provisions hereof.

Section 5.6 Certificate of Adjustment.

The Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in this Article 5, deliver a certificate of the Corporation to the Debenture Trustee specifying the nature of the event requiring the same and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate shall be supported by a certificate of the Corporation's auditors verifying such calculation. The Debenture Trustee shall rely, and shall be protected in so doing, upon the certificate of the Corporation or of the Corporation's auditor and any other document filed by the Corporation pursuant to this Article 5 for all purposes.

Section 5.7 Notice of Special Matters.

The Corporation covenants with the Debenture Trustee that, so long as any Debentures remain outstanding, it will give notice to the Debenture Trustee and to the Registered Debentureholders of its intention to fix a record date that is prior to the Maturity Date for any matter for which an adjustment may be required pursuant to Section 5.1. Such notice shall specify the particulars of such event and the record date for such event, provided that the Corporation shall only be required to specify in the notice such particulars of the event as shall have been fixed and determined on the date on which the notice is given. The notice shall be given in each case not less than 14 days prior to such applicable record date. If notice has been given and the adjustment is not then determinable, the Corporation shall promptly, after the adjustment is determinable, file with the Debenture Trustee a computation of the adjustment and give notice to the Registered Debentureholders of such adjustment computation.

Section 5.8 Protection of Debenture Trustee.

The Debenture Trustee shall not:

- (a) at any time be under any duty or responsibility to any Registered Debentureholder to determine whether any facts exist which may require any adjustment contemplated by Section 5.1, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;
- (b) be accountable with respect to the validity or value (or the kind or amount) of any PV Shares or of any other securities or property which may at any time be issued or delivered upon the exercise of the rights attaching to any Debenture; and
- (c) incur any liability or be in any way responsible for the consequences of any breach on the part of the Corporation of any of the representations, warranties or covenants herein contained or of any acts of the directors, officers, employees, agents or servants of the Corporation.

Section 5.9 Other Adjustments.

If the Corporation after the date hereof shall take any action affecting the PV Shares (or Common Shares), other than an action described in this Article 5 which, in the opinion of the directors of the Corporation, would have a material adverse effect on the rights of Registered Debentureholders, or the PV Share Conversion Price, there shall be an adjustment in such manner, if any, and at such time, by action of the directors, acting reasonably and in good faith, as they may reasonably determine to be equitable to the Registered Debentureholders in such circumstances, provided that no such adjustment will be made unless prior approval of any stock exchange on which the PV Shares are listed for trading, if any, has been obtained.

Section 5.10 Participation by Debentureholder.

No adjustments shall be made pursuant to this Article 5 if the Registered Debentureholders are entitled to participate in any event described in this Article 5 on the same terms, mutatis mutandis, as if the Registered Debentureholders had converted their Debentures prior to, or on the effective date or record date of, such event.

**ARTICLE 6
SECURITY FOR DEBENTURES****Section 6.1 Grant of Security Interest.**

Within 30 days following the date hereof, the Corporation shall enter into a general security agreement, in form and substance satisfactory to the Corporation acting reasonably (the “**Security Agreement**”), granting the Debenture Trustee, on behalf of the Debenture Trustee and the Debentureholders, a general and continuing security interest, lien, charge, mortgage and encumbrance in all of the Corporation’s right, title and interest in and to the Corporation’s applicable present and after-acquired personal property as a continuing collateral security for the due and timely payment and performance by the Corporation of all indebtedness, liabilities and obligations of the Corporation hereunder and the Corporation shall cause such security interest to be registered pursuant to the PPSA in favour of the Debenture Trustee on behalf of the Debenture Trustee and the Debentureholders.

Section 6.2 Authority of Debenture Trustee.

The Debenture Trustee is authorized and directed to (i) enter into the Security Agreement, (ii) bind the Debentureholders on the terms as set forth in the Security Agreement, and (iii) perform and observe its obligations under the Security Agreement.

**ARTICLE 7
ENFORCEMENT****Section 7.1 Suits by Registered Debentureholders.**

All or any of the rights conferred upon any Registered Debentureholder by any of the terms of this Indenture may be enforced by the Registered Debentureholder by appropriate proceedings but without prejudice to the right which is hereby conferred upon the Debenture Trustee to proceed in its own name to enforce each and all of the provisions herein contained for the benefit of the Registered Debentureholders.

Section 7.2 Immunity of Shareholders, etc.

The Debenture Trustee and the Debentureholders hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any incorporator or any past, present or future shareholder, trustee, employee or agent of the Corporation or any successor Corporation on any covenant, agreement, representation or warranty by the Corporation herein.

Section 7.3 Waiver of Default.

- (1) Upon the happening of any default hereunder:
- (a) the Registered Debentureholders of not less than 51% of the Debentures then outstanding shall have power (in addition to the powers exercisable by Extraordinary Resolution) by requisition in writing to instruct the Debenture Trustee to waive any default hereunder and the Debenture Trustee shall thereupon waive the default upon such terms and conditions as shall be prescribed in such requisition; or
 - (b) the Debenture Trustee shall have power to waive any default hereunder upon such terms and conditions as the Debenture Trustee may deem advisable, on the advice of Counsel, if, in the Debenture Trustee's opinion, based on the advice of Counsel, the same shall have been cured or adequate provision made therefore;

provided that no delay or omission of the Debenture Trustee or of the Registered Debentureholders to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein and provided further that no act or omission either of the Debenture Trustee or of the Registered Debentureholders in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default hereunder of the rights resulting therefrom.

**ARTICLE 8
MEETINGS OF REGISTERED DEBENTUREHOLDERS**

Section 8.1 Right to Convene Meetings.

The Debenture Trustee may at any time and from time to time, and shall on receipt of a written request of the Corporation or of a Debentureholders' Request and upon being indemnified and funded to its reasonable satisfaction by the Corporation or by the Registered Debentureholders signing such Debentureholders' Request against the costs which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Registered Debentureholders. If the Debenture Trustee fails to so call a meeting within seven days after receipt of such written request of the Corporation or such Debentureholders' Request and the indemnity and funding given as aforesaid, the Corporation or such Registered Debentureholders, as the case may be, may convene such meeting. Every such meeting shall be held in the city of Toronto or at such other place as may be approved or determined by the Debenture Trustee.

Section 8.2 Notice.

At least 21 days' prior written notice of any meeting of Registered Debentureholders shall be given to the Registered Debentureholders in the manner provided for in Section 13.3 and a copy of such notice shall be sent by mail to the Debenture Trustee (unless the meeting has been called by the Debenture Trustee) and to the Corporation (unless the meeting has been called by the Corporation). Such notice shall state the time when and the place where the

meeting is to be held, shall state briefly the general nature of the business to be transacted thereat and shall contain such information as is reasonably necessary to enable the Registered Debentureholders to make a reasoned decision on the matter, but it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Section 8.2.

Section 8.3 Chairperson.

An individual (who need not be a Registered Debentureholder) designated in writing by the Debenture Trustee shall be chairman of the meeting and if no individual is so designated, or if the individual so designated is not present within fifteen minutes from the time fixed for the holding of the meeting, the Registered Debentureholders present in person or by proxy shall choose an individual present to be chairperson.

Section 8.4 Quorum.

Subject to the provisions of Section 8.11, at any meeting of the Registered Debentureholders a quorum shall consist of at least two Registered Debentureholders present in person or by proxy and holding at least 10% of the aggregate principal amount of the then outstanding Debenture. If a quorum of the Registered Debentureholders shall not be present within thirty minutes from the time fixed for holding any meeting, the meeting, if summoned by Registered Debentureholders or on a Debentureholders' Request, shall be dissolved; but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day, in which case it shall be adjourned to the next following Business Day) at the same time and place and no notice of the adjournment need be given. Any business may be brought before or dealt with at an adjourned meeting which might have been dealt with at the original meeting in accordance with the notice calling the same. No business shall be transacted at any meeting unless a quorum is present at the commencement of business. At the adjourned meeting the Registered Debentureholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened, notwithstanding that they may not hold at least 10% of the aggregate principal amount of the Debentures.

Section 8.5 Power to Adjourn.

The chairman of any meeting at which a quorum of the Registered Debentureholders is present may, with the consent of the meeting, adjourn any such meeting, and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

Section 8.6 Show of Hands.

Every question submitted to a meeting shall be decided in the first place by a majority of the votes given on a show of hands except that votes on an Extraordinary Resolution shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

Section 8.7 Poll and Voting.

- (1) On every Extraordinary Resolution, and on any other question submitted to a meeting and after a vote by show of hands when demanded by the chairman or by one or more of the Registered Debentureholders acting in person or by proxy and holding in the aggregate at least 5% of the aggregate principal amount of Debentures then outstanding, a poll shall be taken in such manner as the chairman shall direct. Questions other than those required to be determined by Extraordinary Resolution shall be decided by a majority of the votes cast on the poll.
- (2) On a show of hands, every person who is present and entitled to vote, whether as a Registered Debentureholder or as proxy for one or more absent Registered Debentureholders, or both, shall have one vote. On a poll, each Registered Debentureholder present in person or represented by a proxy duly appointed by instrument in writing shall be entitled to one vote in respect of each Debenture then held or represented by it. A proxy need not be a Registered Debentureholder. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Debentures, if any, held or represented by him.

Section 8.8 Regulations.

- (1) The Debenture Trustee, or the Corporation with the approval of the Debenture Trustee, may from time to time make and from time to time vary such regulations as it shall think fit for:
 - (a) the setting of the record date for a meeting for the purpose of determining Registered Debentureholders entitled to receive notice of and to vote at the meeting;
 - (b) the issue of voting certificates by any bank, trust company or other depository satisfactory to the Debenture Trustee stating that the Debenture Certificates specified therein have been deposited with it by a named person and will remain on deposit until after the meeting, which voting certificate shall entitle the persons named therein to be present and vote at any such meeting and at any adjournment thereof or to appoint a proxy or proxies to represent them and vote for them at any such meeting and at any adjournment thereof in the same manner and with the same effect as though the persons so named in such voting certificates were the actual bearers of the Debenture Certificates specified therein;
 - (c) the deposit of voting certificates and instruments appointing proxies at such place and time as the Debenture Trustee, the Corporation or the Registered Debentureholders convening the meeting, as the case may be, may in the notice convening the meeting direct;
 - (d) the deposit of voting certificates and instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed or telecopied before the meeting to the Corporation or to the Debenture Trustee at

the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting;

- (e) the form of the instrument of proxy; and
 - (f) generally for the calling of meetings of Registered Debentureholders and the conduct of business thereat.
- (2) Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be recognized at any meeting as a Registered Debentureholder, or be entitled to vote or be present at the meeting in respect thereof (subject to Section 8.9), shall be Registered Debentureholders or duly appointed proxies of Registered Debentureholders.

Section 8.9 Corporation and Debenture Trustee May be Represented.

The Corporation and the Debenture Trustee, by their respective directors, officers, agents, and employees and counsel, may attend any meeting of the Registered Debentureholders.

Section 8.10 Powers Exercisable by Extraordinary Resolution.

- (1) In addition to all other powers conferred upon them by any other provisions of this Indenture or by law, the Registered Debentureholders at a meeting shall, subject to the provisions of Section 8.11, have the power exercisable from time to time by Extraordinary Resolution:
- (a) to agree to any modification, abrogation, alteration, compromise or arrangement of the rights of Registered Debentureholders or the Debenture Trustee in its capacity as debenture trustee hereunder (subject to the Debenture Trustee's prior consent, acting reasonably) or on behalf of the Registered Debentureholders against the Corporation whether such rights arise under this Indenture or otherwise;
 - (b) to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Registered Debentureholders;
 - (c) to direct or to authorize the Debenture Trustee, subject to Section 11.4 hereof, to enforce any of the covenants on the part of the Corporation contained in this Indenture or to enforce any of the rights of the Registered Debentureholders in any manner specified in such Extraordinary Resolution or to refrain from enforcing any such covenant or right;
 - (d) to waive, and to direct the Debenture Trustee to waive, any default on the part of the Corporation in complying with any provisions of this Indenture either unconditionally or upon any conditions specified in such Extraordinary Resolution;

- (e) to restrain any Registered Debentureholder from taking or instituting any suit, action or proceeding against the Corporation for the enforcement of any of the covenants on the part of the Corporation in this Indenture or to enforce any of the rights of the Registered Debentureholders;
- (f) to direct any Registered Debentureholder who, as such, has brought any suit, action or proceeding to stay or to discontinue or otherwise to deal with the same upon payment of the costs, charges and expenses reasonably and properly incurred by such Registered Debentureholder in connection therewith;
- (g) to assent to any change in or omission from the provisions contained in this Indenture or any ancillary or supplemental instrument which may be agreed to by the Corporation, and to authorize the Debenture Trustee to concur in and execute any ancillary or supplemental indenture embodying the change or omission;
- (h) with the consent of the Corporation, such consent not to be unreasonably withheld, to remove the Debenture Trustee or its successor in office and to appoint a new debenture trustee or debenture trustees to take the place of the Debenture Trustee so removed; and
- (i) to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any shares or other securities of the Corporation.

Section 8.11 Meaning of Extraordinary Resolution.

- (1) The expression “**Extraordinary Resolution**” when used in this Indenture means, subject as hereinafter provided in this Section 8.11 and in Section 8.14, a resolution proposed at a meeting of Registered Debentureholders duly convened for that purpose and held in accordance with the provisions of this Article 8 at which there are present in person or by proxy Registered Debentureholders holding at least 10% of the aggregate principal amount of the Debentures then outstanding and passed by the affirmative votes of Registered Debentureholders holding not less than 66 2/3% of the aggregate principal amount of the Debentures then outstanding and voted on the poll upon such resolution.
- (2) If, at the meeting at which an Extraordinary Resolution is to be considered, Registered Debentureholders holding at least 10% of the aggregate principal amount of Debentures then outstanding are not present in person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by Registered Debentureholders or on a Debentureholders’ Request, shall be dissolved; but in any other case it shall stand adjourned to such day, being not less than 15 or more than 60 days later, and to such place and time as may be appointed by the chairman. Not less than 14 days’ prior notice shall be given of the time and place of such adjourned meeting in the manner provided for in Section 13.3. Such notice shall state that at the adjourned meeting the Registered Debentureholders present in person or by proxy shall form a quorum but it shall not be necessary to set forth the purposes for which the meeting was originally called or any other particulars. At the adjourned meeting the Registered

Debentureholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed by the requisite vote as provided in Section 8.11(1) shall be an Extraordinary Resolution within the meaning of this Indenture notwithstanding that Registered Debentureholders holding at least 10% of the then outstanding Debentures are not present in person or by proxy at such adjourned meeting.

- (3) Subject to Section 8.14, votes on an Extraordinary Resolution shall always be given on a poll and no demand for a poll on an Extraordinary Resolution shall be necessary.

Section 8.12 Powers Cumulative.

Any one or more of the powers or any combination of the powers in this Indenture stated to be exercisable by the Registered Debentureholders by Extraordinary Resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers or any combination of powers from time to time shall not be deemed to exhaust the right of the Registered Debentureholders to exercise such power or powers or combination of powers then or thereafter from time to time.

Section 8.13 Minutes.

Minutes of all resolutions and proceedings at every meeting of Registered Debentureholders shall be made and duly entered in books to be provided from time to time for that purpose by the Debenture Trustee at the expense of the Corporation, and any such minutes as aforesaid, if signed by the chairman or the secretary of the meeting at which such resolutions were passed or proceedings had shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly convened and held, and all resolutions passed thereat or proceedings taken shall be deemed to have been duly passed and taken.

Section 8.14 Instruments in Writing.

All actions which may be taken and all powers that may be exercised by the Registered Debentureholders at a meeting held as provided in this Article 8 may also be taken and exercised by Registered Debentureholders holding at least 66 2/3% of the aggregate principal amount of Debentures then outstanding by an instrument in writing signed in one or more counterparts by such Registered Debentureholders in person or by attorney duly appointed in writing, and the expression "**Extraordinary Resolution**" when used in this Indenture shall include an instrument so signed.

Section 8.15 Binding Effect of Resolutions.

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article 8 at a meeting of Registered Debentureholders shall be binding upon all the Debentureholders, whether present at or absent from such meeting, and every instrument in writing signed by Registered Debentureholders in accordance with Section 8.14 shall be binding upon all the Debentureholders, whether signatories thereto or not, and each

and every Debentureholder and the Debenture Trustee (subject to the provisions for indemnity herein contained) shall be bound to give effect accordingly to every such resolution and instrument in writing.

ARTICLE 9 SUPPLEMENTAL INDENTURES

Section 9.1 Provision for Supplemental Indentures for Certain Purposes.

- (1) From time to time, the Corporation (when authorized by action of the directors) and the Debenture Trustee may, subject to the provisions hereof and when so directed in accordance with the provisions hereof, execute and deliver by their proper officers, indentures or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:
 - (a) setting forth any adjustments resulting from the application of the provisions of Article 5;
 - (b) adding to the provisions hereof such additional covenants and enforcement provisions as, in the opinion of Counsel, are necessary or advisable in the premises, provided that the same are not in the opinion of the Debenture Trustee, relying on the advice of Counsel, prejudicial to the interests of the Registered Debentureholders;
 - (c) giving effect to any Extraordinary Resolution passed as provided in Section 8.11;
 - (d) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder or for the purpose of obtaining a listing or quotation of the Debentures on any stock exchange, provided that such provisions are not, in the opinion of the Debenture Trustee, relying on the advice of Counsel, prejudicial to the interests of the Registered Debentureholders;
 - (e) adding to or altering the provisions hereof in respect of the transfer of Debenture, making provision for the exchange of Debentures, and making any modification in the form of the Debenture Certificates which does not affect the substance thereof;
 - (f) modifying any of the provisions of this Indenture, including relieving the Corporation from any of the obligations, conditions or restrictions herein contained, provided that such modification or relief shall be or become operative or effective only if, in the opinion of the Debenture Trustee, relying on the advice of Counsel, such modification or relief in no way prejudices any of the rights of the Registered Debentureholders or of the Debenture Trustee, and provided further that the Debenture Trustee may in its sole discretion decline to enter into any such supplemental indenture which in its opinion may not afford adequate protection to the Debenture Trustee when the same shall become operative; and

- (g) for any other purpose not inconsistent with the terms of this Indenture, including the correction or rectification of any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions herein, provided that in the opinion of the Debenture Trustee, relying on the advice of Counsel, the rights of the Debenture Trustee and of the Registered Debentureholders are in no way prejudiced thereby.

Section 9.2 Successor Entities.

In the case of the consolidation, amalgamation, arrangement, merger or transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to or with another entity ("**successor entity**"), the successor entity resulting from such consolidation, amalgamation, arrangement, merger or transfer (if not the Corporation) shall expressly assume, by supplemental indenture satisfactory in form to the Debenture Trustee and executed and delivered to the Debenture Trustee, the due and punctual performance and observance of each and every covenant and condition of this Indenture to be performed and observed by the Corporation.

ARTICLE 10 COVENANTS OF THE CORPORATION

The Corporation hereby covenants and agrees with the Debenture Trustee for the benefit of the Trustee and the Debentureholders, that so long as any Debentures remain outstanding:

Section 10.1 To Pay Principal and Interest.

The Corporation will duly and punctually pay or cause to be paid to every Debentureholder the principal of and interest accrued on the Debentures of which it is the holder on the dates, at the places and in the manner mentioned herein and in the Debentures.

Section 10.2 Debenture Trustee Compensation.

The Corporation shall pay to the Debenture Trustee, from time to time, compensation for its services hereunder as agreed separately by the Corporation and the Debenture Trustee, and shall pay or reimburse the Debenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Debenture Trustee in the administration or execution of its duties under this Indenture (including the reasonable and documented compensation and disbursements of its Counsel and all other advisers and assistants not regularly in its employ), both before any default hereunder and thereafter until all duties of the Debenture Trustee under this Indenture shall be finally and fully performed. The Debenture Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust.

Section 10.3 To Give Notice of Default.

The Corporation shall notify the Debenture Trustee immediately upon obtaining knowledge of any Event of Default hereunder.

Section 10.4 Preservation of Existence, etc.

Subject to the express provisions hereof, the Corporation will carry on and conduct its activities in a business-like manner and in accordance with good business practices, and, subject to the express provisions hereof, it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence and rights.

Section 10.5 Keeping of Books.

The Corporation will keep or cause to be kept proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Corporation in accordance with generally accepted accounting principles.

Section 10.6 Performance of Covenants by Trustee.

If the Corporation shall fail to perform any of its covenants contained in this Indenture, the Debenture Trustee may notify the Debentureholders of such failure on the part of the Corporation or may itself perform any of the covenants capable of being performed by it, but shall be under no obligation to do so or to notify the Debentureholders. All sums so expended or advanced by the Debenture Trustee shall be repayable as provided in Section 10.2. No such performance, expenditure or advance by the Debenture Trustee shall be deemed to relieve the Corporation of any default hereunder.

Section 10.7 Indebtedness.

Neither the Corporation nor any subsidiary of the Corporation shall incur, assume or otherwise become liable for or in respect of any Indebtedness other than Permitted Indebtedness.

Section 10.8 Negative Pledge.

Neither the Corporation nor any subsidiary of the Corporation shall, directly or indirectly, create, incur, assume, permit or suffer to exist any Encumbrance against any of its properties or assets existing as of the date hereof, other than (a) Encumbrances granted in connection with parts (i), (ii), (iii), (iv) or (vi) of the definition of Permitted Indebtedness, (b) Encumbrances for taxes not yet due and delinquent, or (c) easements, encroachments and other minor imperfections of title which do not, individually or in the aggregate, materially detract from the value of or impair the use or marketability of any real property.

In the event that the Corporation or any subsidiary of the Corporation grants an Encumbrance against any properties or assets of the Corporation or any subsidiary of the Corporation that do not exist as of the date hereof in connection with part (v) of the definition of Permitted Indebtedness, the Corporation shall provide Registered Debentureholders with notice of such Encumbrance within 10 days following the date of grant.

Section 10.9 Disposals.

The Corporation shall not, directly or indirectly, convey, sell, lease, assign, transfer or otherwise dispose of any of its properties or assets other than in the ordinary course of business of the Corporation.

Section 10.10 No Dividends on Shares if Event of Default.

The Corporation shall not declare or pay any dividend to the holders of its issued and outstanding Shares after the occurrence of an Event of Default unless and until such Event of Default shall have been cured or waived or shall have ceased to exist.

Section 10.11 Use of Proceeds.

The Corporation will use the proceeds of the Debentures for general corporate and working capital purposes.

**ARTICLE 11
DEFAULT****Section 11.1 Events of Default.**

- (1) Each of the following events constitutes, and is herein sometimes referred to as, an **"Event of Default"**:
- (a) failure for 10 days to pay interest on the Debentures when due;
 - (b) failure to pay principal when due on the Debentures whether at maturity upon a Change of Control, by declaration or otherwise;
 - (c) default in the delivery, when due, of all cash and any Shares or other consideration payable on conversion with respect to the Debentures, which default continues for 15 days;
 - (d) default in the observance or performance of any covenant or condition of this Indenture by the Corporation and the failure to cure (or obtain a waiver for) such default for a period of 15 days after notice in writing has been given by the Debenture Trustee or from holders of not less than 15% in aggregate principal amount of the Debentures to the Corporation specifying such default and requiring the Corporation to rectify such default or obtain a waiver for same;
 - (e) if a decree or order of any court having jurisdiction is entered adjudging the Corporation a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of, the property of the Corporation, or appointing a receiver of, or of any substantial part of, the property of the Corporation or ordering the winding-up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of 60 days;
 - (f) if the Corporation institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to the appointment of a receiver of, or of any substantial part of, the

property of the Corporation or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;

- (g) if a resolution is passed for the winding-up or liquidation of the Corporation; or
- (h) if, after the date of this Indenture, any proceedings with respect to the Corporation are taken with respect to a compromise or arrangement, with respect to creditors of the Corporation generally, under the applicable legislation of any jurisdiction;

then: (i) in each and every such event listed above, the Debenture Trustee may, in its discretion, and shall, upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding, subject to the provisions of Section 11.3, by notice in writing to the Corporation declare the principal of and interest on all Debentures then outstanding and all other monies outstanding hereunder to be due and payable and the same shall thereupon forthwith become immediately due and payable to the Debenture Trustee, and (ii) on the occurrence of an Event of Default under Section 11.1(1)(e), Section 11.1(1)(f) or Section 11.1(1)(h), the principal of and interest on all Debentures then outstanding hereunder and all other monies outstanding hereunder, shall automatically without any declaration or other act on the part of the Debenture Trustee or any Debentureholder become immediately due and payable to the Debenture Trustee and, in either case, upon such amounts becoming due and payable in either (i) or (ii) above, the Corporation shall forthwith pay to the Debenture Trustee for the benefit of the Debentureholders such principal, accrued and unpaid interest and interest on amounts in default on such Debenture and all other monies outstanding hereunder, together with subsequent interest at the rate borne by the Debentures on such principal, interest and such other monies from the date of such declaration or event until payment is received by the Debenture Trustee, such subsequent interest to be payable at the times and places and in the manner mentioned in and according to the tenor of the Debentures. Such payment when made shall be deemed to have been made in discharge of the Corporation's obligations hereunder and any monies so received by the Debenture Trustee shall be applied in the manner provided in Section 11.6.

Section 11.2 Notice of Events of Default.

If an Event of Default shall occur and be continuing the Debenture Trustee shall, within 30 days after it receives written notice of the occurrence of such Event of Default, give notice of such Event of Default to the Debentureholders in the manner provided in Section 13.3, provided that notwithstanding the foregoing, unless the Debenture Trustee shall have been requested to do so by the holders of at least 25% of the principal amount of the Debentures then outstanding, the Debenture Trustee shall not be required to give such notice if the Debenture Trustee in good faith shall have determined that the withholding of such notice is in the best interests of the Debentureholders and shall have so advised the Corporation in writing.

Section 11.3 Waiver of Default.

- (1) Upon the happening of any Event of Default hereunder:
 - (a) the holders of the Debentures shall have the power (in addition to the powers exercisable by Extraordinary Resolution as hereinafter provided) by requisition in writing by the holders of more than 50% of the principal amount of Debentures then outstanding, to instruct the Debenture Trustee to waive any Event of Default and to cancel any declaration made by the Debenture Trustee pursuant to Section 11.1 and the Debenture Trustee shall thereupon waive the Event of Default and cancel such declaration, or either, upon such terms and conditions as shall be prescribed in such requisition; and
 - (b) the Debenture Trustee, so long as it has not become bound to declare the principal and interest on the Debentures then outstanding to be due and payable, or to obtain or enforce payment of the same, shall have power to waive any Event of Default if, in the Debenture Trustee's opinion, the same shall have been cured or adequate satisfaction made therefor, and in such event to cancel any such declaration theretofore made by the Debenture Trustee in the exercise of its discretion, upon such terms and conditions as the Debenture Trustee may deem advisable.

No such act or omission either of the Debenture Trustee or of the Debentureholders shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or the rights resulting therefrom.

Section 11.4 Enforcement by the Debenture Trustee.

- (1) Subject to the provisions of Section 11.3 and to the provisions of any Extraordinary Resolution that may be passed by the Debentureholders, if the Corporation shall fail to pay to the Debenture Trustee, forthwith after the same shall have been declared to be due and payable under Section 11.1, the principal of and interest on all Debentures then outstanding, together with any other amounts due hereunder, the Debenture Trustee may in its discretion and shall upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding and upon being funded and indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, proceed in its name as trustee hereunder to obtain or enforce payment of such principal of and interest on all the Debentures then outstanding together with any other amounts due hereunder by such proceedings authorized by this Indenture or by law or equity as the Debenture Trustee in such request shall have been directed to take, or if such request contains no such direction, or if the Debenture Trustee shall act without such request, then by such proceedings authorized by this Indenture or by suit at law or in equity as the Debenture Trustee shall deem expedient.
- (2) The Debenture Trustee shall be entitled and empowered, either in its own name or as Debenture Trustee of an express trust, or as attorney-in-fact for the holders of the Debentures, or in any one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or

advisable in order to have the claims of the Debenture Trustee and of the holders of the Debentures allowed in any insolvency, bankruptcy, liquidation or other judicial proceedings relative to the Corporation or its creditors or relative to or affecting its property. The Debenture Trustee is hereby irrevocably appointed (and the successive respective holders of the Debentures by taking and holding the same shall be conclusively deemed to have so appointed the Debenture Trustee) the true and lawful attorney-in-fact of the respective holders of the Debentures with authority to make and file in the respective names of the holders of the Debentures or on behalf of the holders of the Debentures as a class, subject to deduction from any such claims of the amounts of any claims filed by any of the holders of the Debentures themselves, any proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings and to receive payment of any sums becoming distributable on account thereof, and to execute any such other papers and documents and to do and perform any and all such acts and things for and on behalf of such holders of the Debentures, as may be necessary or advisable in the opinion of the Debenture Trustee, in order to have the respective claims of the Debenture Trustee and of the holders of the Debentures against the Corporation or its property allowed in any such proceeding, and to receive payment of or on account of such claims; provided, however, that subject to Section 11.3, nothing contained in this Indenture shall be deemed to give to the Debenture Trustee, unless so authorized by Extraordinary Resolution, any right to accept or consent to any plan of reorganization or otherwise by action of any character in such proceeding to waive or change in any way any right of any Debentureholder.

- (3) The Debenture Trustee shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Debentureholders.
- (4) All rights of action hereunder may be enforced by the Debenture Trustee without the possession of any of the Debentures or the production thereof on the trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Debenture Trustee shall be brought in the name of the Debenture Trustee as trustee of an express trust, and any recovery of judgment shall be for the rateable benefit of the holders of the Debentures subject to the provisions of this Indenture. In any proceeding brought by the Debenture Trustee (and also any proceeding in which a declaratory judgment of a court may be sought as to the interpretation or construction of any provision of this Indenture, to which the Debenture Trustee shall be a party) the Debenture Trustee shall be held to represent all the holders of the Debentures, and it shall not be necessary to make any holders of the Debentures parties to any such proceeding.

Section 11.5 No Suits by Debentureholders.

No holder of any Debenture shall have any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing payment of the principal or interest on the Debentures or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the *Bankruptcy and Insolvency Act* (Canada) or to have the Corporation wound up or to file or prove a claim in any

liquidation or bankruptcy proceeding or for any other remedy hereunder, unless: (a) such holder shall previously have given to the Debenture Trustee written notice of the happening of an Event of Default hereunder; and (b) the Debentureholders by Extraordinary Resolution or by written instrument signed by the holders of at least 25% in principal amount of the Debentures then outstanding shall have made a request to the Debenture Trustee and the Debenture Trustee shall have been afforded reasonable opportunity either itself to proceed to exercise the powers hereinbefore granted or to institute an action, suit or proceeding in its name for such purpose; and (c) the Debentureholders or any of them shall have provided to the Debenture Trustee, when so requested by the Debenture Trustee, sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and (d) the Debenture Trustee shall have failed to act within a reasonable time after such notification, request and offer of indemnity and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Debenture Trustee, to be conditions precedent to any such proceeding or for any other remedy hereunder by or on behalf of the holder of any Debentures.

Section 11.6 Application of Monies by Debenture Trustee.

- (1) Except as herein otherwise expressly provided, any monies received by the Debenture Trustee from the Corporation pursuant to the foregoing provisions of this Article 10, or as a result of legal or other proceedings or from any trustee in bankruptcy or liquidator of the Corporation, shall be applied, together with any other monies in the hands of the Debenture Trustee available for such purpose, as follows:
 - (a) first, in payment or in reimbursement to the Debenture Trustee of its compensation, costs, charges, expenses, borrowings, advances or other monies provided or provided by or at the instance of the Debenture Trustee in or about the execution of its trusts under, or otherwise in relation to, this Indenture, with interest thereon as herein provided;
 - (b) second, but subject as hereinafter in this Section 11.6 provided, in payment, rateably and proportionately to the holders of Debentures, of the principal of and accrued and unpaid interest and interest on amounts in default on the Debentures which shall then be outstanding in the priority of principal first and then accrued and unpaid interest and interest on amounts in default unless otherwise directed by Extraordinary Resolution and in that case in such order or priority as between principal and interest as may be directed by such resolution; and
 - (c) third, in payment of the surplus, if any, of such monies to the Corporation or its assigns;

provided, however, that no payment shall be made pursuant to clause (ii) above in respect of the principal or interest on any Debenture held, directly or indirectly, by or for the benefit of the Corporation or any subsidiary (other than any Debenture pledged for value and in good faith to a person other than the Corporation or any subsidiary but only to the extent of such person's interest therein) except subject to the prior payment in full of the principal and interest (if any) on all Debentures which are not so held.

- (2) The Debenture Trustee shall not be bound to apply or make any partial or interim payment of any monies coming into its hands if the amount so received by it, after reserving such amount as the Debenture Trustee may think necessary to provide for the payments mentioned in (1), is insufficient to make a distribution of at least 2% of the aggregate principal amount of the outstanding Debentures, but it may retain the money so received by it and invest or deposit the same as provided herein until the money or the investments representing the same, with the income derived therefrom, together with any other monies for the time being under its control shall be sufficient for the said purpose or until it shall consider it advisable to apply the same in the manner hereinbefore set forth. The foregoing shall, however, not apply to a final payment in distribution hereunder.

Section 11.7 Notice of Payment by Debenture Trustee.

Not less than 15 days' notice shall be given in the manner provided in Section 13.3 by the Debenture Trustee to the Debentureholders of any payment to be made under this Article 10. Such notice shall state the time when and place where such payment is to be made and also the liability under this Indenture to which it is to be applied. After the day so fixed, unless payment shall have been duly demanded and have been refused, the Debentureholders will be entitled to interest only on the balance (if any) of the principal monies and interest due to them, respectively, on the Debentures, after deduction of the respective amounts payable in respect thereof on the day so fixed.

Section 11.8 Debenture Trustee May Demand Production of Debentures.

The Debenture Trustee shall have the right to demand production of the Debentures in respect of which any payment of principal or interest required by this Article 11 is made and may cause to be endorsed on the same a memorandum of the amount so paid and the date of payment, but the Debenture Trustee may, in its discretion, dispense with such production and endorsement, upon such indemnity being given to it and to the Corporation as the Debenture Trustee shall deem sufficient.

Section 11.9 Remedies Cumulative.

No remedy herein conferred upon or reserved to the Debenture Trustee, or upon or to the holders of Debentures is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now existing or hereafter to exist by law or by statute.

Section 11.10 Judgment Against the Corporation.

The Corporation covenants and agrees with the Debenture Trustee that, in case of any judicial or other proceedings to enforce the rights of the Debentureholders, judgment may be rendered against it in favour of the Debentureholders or in favour of the Debenture Trustee, as trustee for the Debentureholders, for any amount which may remain due in respect of the Debentures and the interest thereon and any other monies owing hereunder.

Section 11.11 Immunity of Directors, Officers and Others.

The Debentureholders and the Debenture Trustee hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any past, present or future officer, director or employee of the Corporation or holder of Shares or of any successor for the payment of the principal of or interest on any of the Debentures or on any covenant, agreement, representation or warranty by the Corporation contained herein or in the Debentures.

**ARTICLE 12
CONCERNING THE DEBENTURE TRUSTEE**

Section 12.1 Trust Indenture Legislation.

- (1) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of Applicable Legislation, such mandatory requirement shall prevail.
- (2) The Corporation and the Debenture Trustee agree that each will, at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of Applicable Legislation.

Section 12.2 Rights and Duties of Debenture Trustee.

- (1) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Debenture Trustee shall exercise that degree of care, diligence and skill that a reasonably prudent Debenture Trustee would exercise in comparable circumstances. No provision of this Indenture shall be construed to relieve the Debenture Trustee from liability for its own negligent action, wilful misconduct, bad faith or fraud under this Indenture.
- (2) The obligation of the Debenture Trustee to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Debenture Trustee or the Registered Debentureholders hereunder shall be conditional upon the Registered Debentureholders furnishing, when required by notice by the Debenture Trustee, sufficient funds to commence or to continue such act, action or proceeding and an indemnity reasonably satisfactory to the Debenture Trustee to protect and to hold harmless the Debenture Trustee and its officers, directors, employees and agents, against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof. None of the provisions contained in this Indenture shall require the Debenture Trustee to expend or to risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified and funded as aforesaid.
- (3) The Debenture Trustee may, before commencing or at any time during the continuance of any such act, action or proceeding, require the Registered Debentureholders, at whose instance it is acting to deposit with the Debenture Trustee the Debenture Certificates held by them, for which Debentures the Debenture Trustee shall issue receipts.

- (4) Every provision of this Indenture that by its terms relieves the Debenture Trustee of liability or entitles it to rely upon any evidence submitted to it is subject to the provisions of Applicable Legislation.

Section 12.3 Evidence, Experts and Advisers.

- (1) In addition to the reports, certificates, opinions and other evidence required by this Indenture, the Corporation shall furnish to the Debenture Trustee such additional evidence of compliance with any provision hereof, and in such form, as may be prescribed by Applicable Legislation or as the Debenture Trustee may reasonably require by written notice to the Corporation.
- (2) In the exercise of its rights and duties hereunder, the Debenture Trustee may, if it is acting in good faith, rely as to the truth of the statements and the accuracy of the opinions expressed in statutory declarations, opinions, reports, written requests, consents, or orders of the Corporation, certificates of the Corporation or other evidence furnished to the Debenture Trustee pursuant to a request of the Debenture Trustee, provided that such evidence complies with Applicable Legislation and that the Debenture Trustee complies with Applicable Legislation and that the Debenture Trustee examines the same and determines that such evidence complies with the applicable requirements of this Indenture.
- (3) Whenever it is provided in this Indenture or under Applicable Legislation that the Corporation shall deposit with the Debenture Trustee resolutions, certificates, reports, opinions, requests, orders or other documents, it is intended that the truth, accuracy and good faith on the effective date thereof and the facts and opinions stated in all such documents so deposited shall, in each and every such case, be conditions precedent to the right of the Corporation to have the Debenture Trustee take the action to be based thereon.
- (4) The Debenture Trustee may act and rely and shall be protected in acting and relying in good faith on the opinion or advice of or information obtained from any counsel, accountant, appraiser or other expert or adviser, whether retained or employed by the Corporation or by the Debenture Trustee, in relation to any matter arising in the administration of the agency hereof.

Section 12.4 Documents, Monies, etc. Held by Debenture Trustee.

- (1) Any monies, securities, documents of title or other instruments that may at any time be held by the Debenture Trustee may be held at any Canadian chartered bank listed in Schedule I of the *Bank Act* (Canada), or deposited for safekeeping with any such bank. Any monies held pending the application or withdrawal thereof under any provisions of this Indenture, shall be held, invested and reinvested amount in Permitted Investments as directed in writing by the Corporation. "**Permitted Investments**" shall be treasury bills guaranteed by the Government of Canada having a term to maturity not to exceed ninety (90) days, or term deposits or bankers' acceptances of a Canadian chartered bank having a term to maturity not to exceed ninety (90) days, or such other investments that is in accordance with the Debenture Trustee's standard type of investments. Unless

otherwise specifically provided herein, all interest or other income received by the Debenture Trustee in respect of such deposits and investments shall belong to the Corporation.

- (2) Any written direction for the investment or release of funds received shall be received by the Debenture Trustee by 9:00 a.m. (Toronto time) on the Business Day on which such investment or release is to be made, failing which such direction will be handled on a commercially reasonable efforts basis and may result in funds being invested or released on the next Business Day.
- (3) The Debenture Trustee shall have no responsibility or liability for any diminution of any funds resulting from any investment made in accordance with this Indenture, including any losses on any investment liquidated prior to maturity in order to make a payment required hereunder.
- (4) In the event that the Debenture Trustee does not receive a direction or only a partial direction, the Debenture Trustee may hold cash balances constituting part or all of such monies and may, but need not, invest same in its deposit department, the deposit department of one of its affiliates, or the deposit department of a Canadian chartered bank; but the Debenture Trustee, its affiliates or a Canadian chartered bank shall not be liable to account for any profit to any parties to this Indenture or to any other person or entity.

Section 12.5 Actions by Debenture Trustee to Protect Interest.

The Debenture Trustee shall have power to institute and to maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Registered Debentureholders.

Section 12.6 Debenture Trustee Not Required to Give Security.

The Debenture Trustee shall not be required to give any bond or security in respect of the execution of the agency and powers of this Indenture or otherwise in respect of the premises.

Section 12.7 Protection of Debenture Trustee.

- (1) By way of supplement to the provisions of any law for the time being relating to debenture trustees it is expressly declared and agreed as follows:
 - (a) the Debenture Trustee shall not be liable for or by reason of any statements of fact in this Indenture or in the Debenture Certificates (except the representation contained in Section 12.9 or in the certificate of the Debenture Trustee on the Debenture Certificates) or be required to verify the same, but all such statements are and shall be deemed to be made by the Corporation;

- (b) nothing herein contained shall impose any obligation on the Debenture Trustee to see to or to require evidence of the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental hereto;
- (c) the Debenture Trustee shall not be bound to give notice to any person or persons of the execution hereof;
- (d) the Debenture Trustee shall not incur any liability or responsibility whatever or be in any way responsible for the consequence of any breach on the part of the Corporation of any of its covenants herein contained or of any acts of any directors, officers, employees, agents or servants of the Corporation; and
- (e) the Corporation hereby indemnifies and agrees to hold harmless the Debenture Trustee, its affiliates, their current and former officers, directors, employees, agents, successors and assigns from and against any and all liabilities, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements, including legal fees and disbursements of whatever kind and nature which may at any time be imposed on or incurred by or asserted against the Debenture Trustee, whether groundless or otherwise, arising from or out of any act, omission or error of the Debenture Trustee, provided that the Corporation shall not be required to indemnify the Debenture Trustee in the event of the negligence or wilful misconduct of the Debenture Trustee, and this provision shall survive the resignation or removal of the Debenture Trustee or the termination or discharge of this Indenture.

Section 12.8 Replacement of Debenture Trustee; Successor by Merger.

- (1) The Debenture Trustee may resign its agency and be discharged from all further duties and liabilities hereunder, subject to this Section 12.8, by giving to the Corporation not less than 30 days' prior notice in writing or such shorter prior notice as the Corporation may accept as sufficient. The Registered Debentureholders by Extraordinary Resolution shall have power at any time to remove the existing Debenture Trustee and to appoint a new Debenture Trustee. In the event of the Debenture Trustee resigning or being removed as aforesaid or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Corporation shall forthwith appoint a new Debenture Trustee unless a new Debenture Trustee has already been appointed by the Registered Debentureholders; failing such appointment by the Corporation, the retiring Debenture Trustee or any Registered Debentureholder may apply to a judge of the Superior Court of Justice of the province of Ontario on such notice as such judge may direct, for the appointment of a new Debenture Trustee; but any new Debenture Trustee so appointed by the Corporation or by the Court shall be subject to removal as aforesaid by the Registered Debentureholders. Any new Debenture Trustee appointed under any provision of this Section 12.8 shall be an entity authorized to carry on the business of a trustee in the Province of Ontario and, if required by the Applicable Legislation for any other provinces, in such other provinces. On any such appointment the new debenture trustee shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Debenture Trustee hereunder.

- (2) Upon the appointment of a successor Debenture Trustee, the Corporation shall promptly notify the Registered Debentureholders thereof in the manner provided for in Section 13.3.
- (3) Any Debenture Certificates Authenticated but not delivered by a predecessor Debenture Trustee may be Authenticated by the successor Debenture Trustee in the name of the predecessor or successor Debenture Trustee.
- (4) Any corporation in to which the Debenture Trustee may be merged or consolidated or amalgamated, or any corporation resulting therefrom to which the Debenture Trustee shall be a party, or any corporation succeeding to substantially the corporate trust business of the Debenture Trustee shall be the successor to the Debenture Trustee hereunder without any further act on its part or any of the parties hereto, provided that such corporation would be eligible for appointment as successor Debenture Trustee under Section 12.8(1).

Section 12.9 Conflict of Interest.

- (1) The Debenture Trustee represents to the Corporation that at the time of execution and delivery hereof no material conflict of interest exists between its role as a Debenture Trustee hereunder and its role in any other capacity and agrees that in the event of a material conflict of interest arising hereafter it will, within 90 days after ascertaining that it has such material conflict of interest, either eliminate the same or assign its agency hereunder to a successor Debenture Trustee approved by the Corporation and meeting the requirements set forth in Section 12.8(1). Notwithstanding the foregoing provisions of this Section 12.9(1), if any such material conflict of interest exists or hereafter shall exist, the validity and enforceability of this Indenture and the Debenture Certificate shall not be affected in any manner whatsoever by reason thereof.
- (2) Subject to Section 12.9(1), the Debenture Trustee, in its personal or any other capacity, may buy, lend upon and deal in securities of the Corporation and generally may contract and enter into financial transactions with the Corporation without being liable to account for any profit made thereby.

Section 12.10 Acceptance of Agency.

The Debenture Trustee hereby accepts the agency in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth.

Section 12.11 Debenture Trustee Not to be Appointed Receiver.

The Debenture Trustee and any person related to the Debenture Trustee shall not be appointed a receiver, a receiver and manager or liquidator of all or any part of the assets or undertaking of the Corporation.

Section 12.12 Debenture Trustee Not Required to Give Notice of Default.

The Debenture Trustee shall not be bound to give any notice or do or take any act, action or proceeding by virtue of the powers conferred on it hereby unless and until it shall have been required so to do under the terms hereof; nor shall the Debenture Trustee be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall distinctly specify the default desired to be brought to the attention of the Debenture Trustee and in the absence of any such notice the Debenture Trustee may for all purposes of this Indenture conclusively assume that no default has been made in the observance or performance of any of the representations, warranties, covenants, agreements or conditions contained herein. Any such notice shall in no way limit any discretion herein given to the Debenture Trustee to determine whether or not the Debenture Trustee shall take action with respect to any default.

Section 12.13 Anti-Money Laundering.

- (1) Each party to this Indenture other than the Debenture Trustee hereby represents to the Debenture Trustee that any account to be opened by, or interest to be held by the Debenture Trustee in connection with this Indenture, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Debenture Trustee's prescribed form as to the particulars of such third party.
- (2) The Debenture Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Debenture Trustee, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Debenture Trustee, in its sole judgment, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days written notice to the other parties to this Indenture, provided (i) that the Debenture Trustee's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Debenture Trustee's satisfaction within such 10 day period, then such resignation shall not be effective.

Section 12.14 Compliance with Privacy Policy.

- (1) The Corporation acknowledges that the Debenture Trustee may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:
 - (a) to provide the services required under this Indenture and other services that may be requested from time to time;

- (b) to help the Debenture Trustee manage its servicing relationships with such individuals;
 - (c) to meet the Debenture Trustee's legal and regulatory requirements; and
 - (d) if Social Insurance Numbers are collected by the Debenture Trustee, to perform tax reporting and to assist in verification of an individual's identity for security purposes.
- (2) The Corporation acknowledges and agrees that the Debenture Trustee may receive, collect, use and disclose personal information provided to it or acquired by it in the course of its acting as agent hereunder for the purposes described above and, generally, in the manner and on the terms described in its privacy policy, which the Debenture Trustee shall make available on its website or upon request, including revisions thereto. Further, the Corporation agrees that it shall not provide or cause to be provided to the Debenture Trustee any personal information relating to an individual who is not a party to this Indenture unless the Corporation has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

ARTICLE 13

GENERAL

Section 13.1 Optional Purchase by the Corporation.

Subject to compliance with applicable securities legislation and approval of applicable regulatory authorities, the Corporation may from time to time purchase by private contract or otherwise any of the Debentures. Any such purchase shall be made at the lowest price or prices at which, in the opinion of the board of directors of the Corporation, such Debentures are then obtainable, plus reasonable costs of purchase, and may be made in such manner, from such persons and on such other terms as the Corporation, in its sole discretion, may determine. In the case of a purchase pursuant to this Section 13.1 the applicable Debenture Certificates shall forthwith be delivered to and cancelled by the Debenture Trustee. In the case of Uncertificated Debentures, the Debentures purchased pursuant to this Section 13.1 shall be reflected accordingly in accordance with procedures prescribed by the Depository under the book entry registration system. No Debentures shall be issued in replacement thereof.

Section 13.2 Notice to the Corporation and the Debenture Trustee.

- (1) Unless herein otherwise expressly provided, any notice to be given hereunder to the Corporation or the Debenture Trustee shall be deemed to be validly given if delivered, sent by registered letter, postage prepaid or telecopied:
- (a) If to the Corporation:

Green Growth Brands Inc.
Suite 5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9

Attention: Peter Horvath, Chief Executive Officer
Fax: (614) 445-7373

With copy to:

Green Growth Brands Inc.
4300 E. 5th Avenue
Columbus, Ohio 43219
Attention: Chief Legal Officer
Fax: (614) 445-7373

(b) If to the Debenture Trustee:

390 Bay Street, Suite 920
Toronto, ON M5H 2Y2

Attention: Sarah Morrison, Director
Fax: (416) 350-5008

and any such notice delivered in accordance with the foregoing shall be deemed to have been received and given on the date of delivery or, if mailed, on the fifth Business Day following the date of mailing such notice or, if telecopied, on the next Business Day following the date of transmission.

- (2) The Corporation or the Debenture Trustee, as the case may be, may from time to time notify the other in the manner provided in Section 13.2(1) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Corporation or the Debenture Trustee, as the case may be, for all purposes of this Indenture.
- (3) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Debenture Trustee or to the Corporation hereunder could reasonably be considered unlikely to reach its destination, such notice shall be valid and effective only if it is delivered to the named officer of the party to which it is addressed, as provided in Section 13.2(1), or given by telecopy or other means of prepaid, transmitted and recorded communication.

Section 13.3 Notice to Registered Debentureholders.

- (1) Unless otherwise provided herein, notice to the Registered Debentureholders under the provisions of this Indenture shall be valid and effective if delivered or sent by ordinary post addressed to such holders at their post office addresses appearing on the register hereinbefore mentioned and shall be deemed to have been effectively received and given on the date of delivery or, if mailed, on the third Business Day following the date of mailing such notice. In the event that Debentures are held in the name of the Depository, a copy of such notice shall also be sent by electronic communication to the Depository and shall be deemed received and given on the day it is so sent.

- (2) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Registered Debentureholders hereunder could reasonably be considered unlikely to reach its destination, such notice shall be valid and effective only if it is delivered to such Registered Debentureholders to the address for such Registered Debentureholders contained in the register maintained by the Debenture Trustee.

Section 13.4 Ownership of Debentures.

The Corporation and the Debenture Trustee may deem and treat the Registered Debentureholders as the absolute owner thereof for all purposes, and the Corporation and the Debenture Trustee shall not be affected by any notice or knowledge to the contrary except where the Corporation or the Debenture Trustee is required to take notice by statute or by order of a court of competent jurisdiction. The receipt of any such Registered Debentureholder of the Shares which may be acquired pursuant thereto shall be a good discharge to the Corporation and the Debenture Trustee for the same and neither the Corporation nor the Debenture Trustee shall be bound to inquire into the title of any such holder except where the Corporation or the Debenture Trustee is required to take notice by statute or by order of a court of competent jurisdiction.

Section 13.5 Counterparts.

This Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution they shall be deemed to be dated as of the date hereof.

Section 13.6 Satisfaction and Discharge of Indenture.

- (1) Upon the earlier of:
 - (a) the date by which there shall have been delivered to the Debenture Trustee for conversion or cancellation all Debentures theretofore Authenticated hereunder, in the case of Certificated Debentures, or by way of such other instructions, in a form satisfactory to the Debenture Trustee in the case of Uncertificated Debentures, or by way of standard processing through the book entry only system in the case of a CDS Global Debenture; or
 - (b) the Maturity Date;

and if all certificates or other entry on the register representing Shares required to be issued in compliance with the provisions hereof have been issued and delivered hereunder or to the Debenture Trustee in accordance with such provisions, this Indenture shall cease to be of further effect and the Debenture Trustee, on demand of and at the cost and expense of the Corporation and upon delivery to the Debenture Trustee of a certificate of the Corporation stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture.

Notwithstanding the foregoing, the indemnities provided to the Debenture Trustee by the Corporation hereunder shall remain in full force and effect and survive the termination of this Indenture.

Section 13.7 Provisions of Indenture and Debentures for the Sole Benefit of Parties and Registered Debentureholders.

Nothing in this Indenture or in the Debentures, expressed or implied, shall give or be construed to give to any person other than the parties hereto and the Registered Debentureholders, as the case may be, any legal or equitable right, remedy or claim under this Indenture, or under any covenant or provision herein or therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Registered Debentureholders.

Section 13.8 Severability.

If, in any jurisdiction, any provision of this Indenture or its application to any party or circumstance is restricted, prohibited or unenforceable, such provision will, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Indenture and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other parties or circumstances.

Section 13.9 Force Majeure.

No party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section 13.9.

Section 13.10 Assignment, Successors and Assigns.

Neither of the parties hereto may assign its rights or interest under this Indenture, except as provided in Section 12.8 in the case of the Debenture Trustee, or as provided in Section 9.2 in the case of the Corporation. Subject thereto, this Indenture shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. Notwithstanding the foregoing, any entity:

- (a) resulting from any merger or consolidation to which the Debenture Trustee may be a party;
- (b) that purchases or succeeds in ownership to the majority or substantially all of the corporate trust business of the Debenture Trustee;
- (c) that is a controlled subsidiary or affiliate of the Debenture Trustee; or

- (d) to which a majority of the assets of the Debenture Trustee used in connection with performing this Indenture are transferred while the Debenture Trustee continues to act as Debenture Trustee;

shall be the successor to the Debenture Trustee hereunder without any further act or formality with like effect as if such successor Debenture Trustee had originally been named as the trustee herein.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF the parties hereto have executed this Indenture under the hands of their proper officers in that behalf as of the date first written above.

GREEN GROWTH BRANDS INC.

By: 
Name: BRIAN LOGAN
Title: CFO

CAPITAL TRANSFER AGENCY ULC

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF the parties hereto have executed this Indenture under the hands of their proper officers in that behalf as of the date first written above.

GREEN GROWTH BRANDS INC.

By: _____
Name:
Title:

CAPITAL TRANSFER AGENCY ULC

By:  _____
Name: Sarah Morrison
Title: managing Director

By: _____
Name:
Title:

Schedule "A"
PART I - FORM OF GLOBAL DEBENTURE

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 DISTRIBUTION DATE]**.

THIS DEBENTURE IS A GLOBAL DEBENTURE WITHIN THE MEANING OF THE INDENTURE HEREIN REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. THIS DEBENTURE MAY NOT BE TRANSFERRED TO OR EXCHANGED FOR DEBENTURES REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE. EVERY DEBENTURE AUTHENTICATED AND DELIVERED UPON REGISTRATION OF, TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS DEBENTURE SHALL BE A GLOBAL DEBENTURE SUBJECT TO THE FOREGOING, EXCEPT IN SUCH LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO GREEN GROWTH BRANDS INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.

[For Debenture Certificates issued to Debentureholders that are U.S. Persons, include the U.S. legend described in Section 3.2(2) of the Indenture]

No. ●

US\$ ●

GREEN GROWTH BRANDS INC.

(A corporation existing under the laws of the Province of Ontario)

15.00% SECURED CONVERTIBLE DEBENTURE
Due October 18, 2020

Green Growth Brands Inc. (the "**Corporation**") for value received hereby acknowledges itself indebted and, subject to the provisions of the Convertible Debenture Indenture (the "**Indenture**") dated as of October 18, 2019 between the Corporation and Capital Transfer Agency ULC (the "**Debenture Trustee**"), promises to pay to _____ on ● (the "**Maturity Date**") or on such earlier date as the principal amount hereof may become due

in accordance with the provisions of the Indenture, the principal sum of ● Dollars (US\$●) in lawful money of the United States on presentation and surrender of this Debenture at the main branch of the Debenture Trustee in Toronto, Ontario in accordance with the terms of the Indenture and, subject as hereinafter provided, to pay interest on the principal amount hereof from the date hereof, at the rate of 15.00% per annum (based on a year of 365 days), in like money, in arrears in equal installments on the six month anniversary of the Issue Date and the Maturity Date, and, should the Corporation at any time make default in the payment of any principal, or interest, to pay interest on the amount in default at the same rate, in like money and on the same date.

This Debenture is one of the 15.00% Secured Convertible Debentures (referred to herein as the “**Debentures**”) of the Corporation issued under the provisions of the Indenture. The Debentures authorized for issue immediately are limited to an aggregate principal amount of US\$● in lawful money of the United States. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Debentures are or are to be issued and held and the rights and remedies of the holders of the Debentures and of the Corporation and of the Debenture Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Debenture by acceptance hereof assents.

The Debentures are issuable only in denominations of US\$1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, Debentures of any denomination may be exchanged for an equal aggregate principal amount of Debentures in any other authorized denomination or denominations.

The Corporation shall have the option, exercisable in its sole discretion, of repaying all or any portion of the then outstanding principal amount of all Debentures in cash at any time. In the event that the Corporation exercises this option, interest on such principal amount being repaid shall be calculated up to but excluding the Maturity Date from, and including, the Issue Date, and such interest, to the extent unpaid, shall be immediately due and payable at the time of repayment.

Any part, being US\$1,000 or an integral multiple thereof, of the principal of this Debenture, provided that the principal amount of this Debenture is in a denomination in excess of US\$1,000, is convertible, at the option of the holder hereof, upon surrender of this Debenture at the principal office of the Debenture Trustee in Toronto, Ontario, at any time prior to the close of business on the Maturity Date, but effective as of the Maturity Date, into [Common][PV] Shares (without adjustment for interest accrued hereon or for dividends or distributions on [Common][PV] Shares issuable upon conversion) at a conversion price per [Common][PV] Share equal to C\$[2.45][1,225] divided by the CDN/US Exchange Rate on the Business Day prior to the date of conversion (the “**Conversion Price**”), all subject to the terms and conditions and in the manner set forth in the Indenture.

The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Shares will be issued on any conversion and holders will receive a cash payment in satisfaction of any fractional interest. Holders converting their Debentures will receive accrued and unpaid interest thereon (less any taxes required to be deducted) in respect of the Debentures surrendered for conversion up to but excluding the Maturity Date

from, and including, their Issue Date. For clarity, payment of such interest shall be paid in cash on the Maturity Date.

Upon the occurrence of a Change of Control of the Corporation, the Corporation is required to make an offer, at the option of each Debentureholder, to purchase all of the Debentures at a cash price equal to the principal amount of such Debentures plus accrued and unpaid interest (if any) up to, but excluding, the date the Debentures are so repurchased.

The indebtedness evidenced by this Debenture, and by all other Debentures now or hereafter certified and delivered under the Indenture, is a direct secured obligation of the Corporation.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Debentures and Shares issuable upon conversion hereof have not and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or the securities laws of any state of the United States. The Debentures and the Shares may only be offered, sold, pledged or otherwise transferred to (i) the Corporation, or (ii) outside the United States to a person who is not a “U.S. person” (as defined by Regulation S under the U.S. Securities Act) in accordance with an applicable exemption under the U.S. Securities Act and applicable local securities laws and regulations.

The Indenture contains provisions making binding upon all holders of Debentures outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding, which resolutions or instruments may have the effect of amending the terms of this Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Shares, officers, directors and employees of the Corporation in respect of any obligation or claim arising out of the Indenture or this Debenture.

This Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Debenture Trustee in the City of Toronto and in such other place or places and/or by such other registrars (if any) as the Corporation with the approval of the Debenture Trustee may designate. No transfer of this Debenture shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Debenture Trustee or other registrar, and upon compliance with such reasonable requirements as the Debenture Trustee or other registrar may prescribe and upon surrender of this Debenture for cancellation. Thereupon a new Debenture or Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Debenture shall not become obligatory for any purpose until it shall have been certified by the Debenture Trustee under the Indenture.

Capitalized words or expressions used in this Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.

[Reminder of this page intentionally left blank.]

IN WITNESS WHEREOF GREEN GROWTH BRANDS INC. has caused this
Debenture to be signed by its authorized representatives as of the day of October, 2019.

GREEN GROWTH BRANDS INC.

By: _____
Peter Horvath
Chief Executive Officer

This Debenture is one of the 15.00% Secured Convertible Debentures due October ,
2020 referred to in the Indenture within mentioned.

CAPITAL TRANSFER AGENCY ULC

By: _____
(Authorized Officer)

Date: _____

FORM OF TRANSFER

CAPITAL TRANSFER AGENCY ULC FOR VALUE RECEIVED the undersigned hereby sells,
assigns and transfers to

_____(print name
and address) the Debentures represented by this Debenture Certificate and hereby irrevocable
constitutes and appoints _____ as its attorney with full power of substitution to
transfer the said securities on the appropriate register of the Debenture Trustee.

DATED this ____ day of _____, 20____.

In the case of a Debenture Certificate bearing the restrictive U.S. legend described in Section
3.2(2) of the Indenture, the undersigned hereby represents, warrants and certifies that (one
(only) of the following must be checked):

- ☐ the transfer is being made to the Corporation; or
- ☐ the transfer is being made outside the United States to a person who is not a “U.S. person” (as
defined by Regulation S under the United States Securities Act of 1933, as amended (the “**U.S.
Securities Act**”)) in accordance with an applicable exemption under the U.S. Securities Act and
applicable local securities laws and regulations.

SPACE FOR GUARANTEES OF)
SIGNATURES (BELOW)

) _____
) Signature of Transferor
)
) _____
Guarantor’s Signature/Stamp) Name of Transferor
)

CERTAIN REQUIREMENTS RELATING TO TRANSFERS - READ CAREFULLY

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face
of this certificate(s), in every particular, without alteration or enlargement, or any change
whatsoever. The signature(s) on this form must be guaranteed in accordance with the transfer
agent’s then current guidelines and requirements at the time of transfer. Notarized or witnessed
signatures are not acceptable as guaranteed signatures. As at the time of closing, you may
choose one of the following methods (although subject to change in accordance with industry
practice and standards):

- **Canada and the USA:** A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words “**Medallion Guaranteed**”, with the correct prefix covering the face value of the certificate.
- **Canada:** A Signature Guarantee obtained from the Guarantor must affix a stamp bearing the actual words “**Signature Guaranteed**”. Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program. For corporate holders, corporate signing resolutions, including certificate of incumbency, are also required to accompany the transfer, unless there is a “**Signature & Authority to Sign Guarantee**” Stamp affixed to the transfer (as opposed to a “**Signature Guarantee**” Stamp) obtained from an authorized officer of a major Canadian Schedule 1 chartered bank.
- **Outside North America:** For holders located outside North America, present the certificates(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

APPENDIX "1"
TO CDS GLOBAL DEBENTURE

GREEN GROWTH BRANDS INC.

15.00% SECURED CONVERTIBLE DEBENTURES
DUE OCTOBER 18, 2020

Initial Principal Amount: US\$●

Authorization: _____

ADJUSTMENTS

Date	Amount of Increase	Amount of Decrease	New Principal Amount	Authorization

Schedule "B"
Form of Notice of Conversion

CONVERSION NOTICE

To: GREEN GROWTH BRANDS INC.

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

The undersigned registered holder of 15.0% Secured Convertible Debentures irrevocably elects to convert such Debentures (or US\$● principal amount thereof*) in accordance with the terms of the Indenture referred to in such Debentures and tenders herewith the Debentures and directs that the [Common][PV] Shares of Green Growth Brands Inc. issuable upon a conversion be issued and delivered to the person indicated below. (If [Common][PV] Shares are to be issued in the name of a person other than the holder, all requisite transfer taxes must be tendered by the undersigned).

Dated: (Signature of Registered Holder)

* If less than the full principal amount of the Debentures, indicate in the space provided the principal amount (which must be US\$1,000 or integral multiples thereof).

NOTE: If [Common][PV] Shares are to be issued in the name of a person other than the holder, the signature must be guaranteed by a chartered bank, a trust company or by a member of an acceptable Medallion Guarantee Program. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".

(Print name in which [Common][PV] Shares are to be issued, delivered and registered)

Name:	
Address:	
City, Province and Postal Code	

Name of Guarantor:	
Authorized Signature:	

Exhibit J

EXHIBIT "J"

referred to in the Affidavit of

RAYMOND C. WHITAKER III

Sworn May 19, 2020

DocuSigned by:

Sanja Sapic

E820930A2731482...

Commissioner for Taking Affidavits

SUPPLEMENTAL DEBENTURE INDENTURE

THIS SUPPLEMENTAL DEBENTURE INDENTURE is made effective as of the 6th day of March, 2020.

BETWEEN:

GREEN GROWTH BRANDS INC, a company incorporated pursuant to the laws of the Province of Ontario and includes any successor corporation (hereinafter referred to as the "**Corporation**")

- and -

CAPITAL TRANSFER AGENCY ULC, a company existing under the laws of Canada and authorized to carry on business in all Provinces of Canada (hereinafter referred to as the "**Debenture Trustee**")

WHEREAS the Corporation and the Debenture Trustee are parties to a Debenture Indenture dated as of October 18, 2019 (hereinafter called the "**Debenture Indenture**") providing for the issuance of 15.00% secured convertible debentures of the Corporation;

AND WHEREAS pursuant to Section 9.1 of the Debenture Indenture, the Corporation and the Debenture Trustee may execute and deliver indentures supplemental to the Debenture Indenture for the purpose of giving effect to any Extraordinary Resolution passed as provided in Section 8.11 of the Debenture Indenture;

AND WHEREAS pursuant to Section 8.11 of the Debenture Indenture, Registered Debentureholders have passed an Extraordinary Resolution authorizing the Debenture Trustee to execute a supplemental indenture embodying the change noted in this Supplemental Indenture;

NOW, THEREFORE, it is hereby agreed, covenanted and declared as follows.

Section 1 Amendments

- (a) The Debenture Indenture is amended by adding the following definition to Section 1.1 of the Debenture Indenture:

"Early Conversion Date" means the first date on which a holder of Debentures may convert a Debenture to Shares, being the date hereof;

- (b) The Debenture Indenture is amended by deleting the definition of Common Share Conversion Price in Section 1.1 of the Debenture Indenture and replacing such definition with the following:

"Common Share Conversion Price" means the dollar amount for which each Common Share may be issued upon the conversion of Debentures in accordance with the

provisions of this Indenture, which shall, subject to adjustment as provided for herein, equal to C\$0.43 divided by the CDN/US Exchange Rate on the Business Day prior to the date of conversion.

- (c) The Debenture Indenture is amended by deleting the definition of PV Share Conversion Price in Section 1.1 of the Debenture Indenture and replacing such definition with the following:

“PV Share Conversion Price” means the dollar amount for which each PV Share may be issued upon the conversion of Debentures in accordance with the provisions of this Indenture, which shall, subject to adjustment as provided for herein, equal to C\$215.00 divided by the CDN/US Exchange Rate on the Business Day prior to the date of conversion.

- (d) The Debenture Indenture is amended by deleting the definition of Debentures in Section 1.1 of the Debenture Indenture and replacing such definition with the following

“Debentures” means the secured convertible debentures created by and authorized by and issuable under this Indenture, bearing interest at a rate of 5.00% per annum payable in arrears on each Interest Payment Date, to be issued and countersigned hereunder in certificated form and/or held through the book entry registration system on a no certificate issued basis, entitling the holder thereof to certain conversion rights as of the Early Conversion Date or means the Debentures issued and Authenticated hereunder, whether by way of Debenture Certificate or Uncertificated Debenture;

- (e) The Debenture Indenture is amended by deleting the definition of Maturity Date in Section 1.1 of the Debenture Indenture and replacing such definition with the following:

“Maturity Date” means the date of maturity for the Debentures, being the date that is four (4) years following the Issue Date.

- (f) The Debenture Indenture is amended by deleting Section 2.2(1) of the Debenture Indenture and replacing it with the following:

“The Debentures authorized for issue immediately, in the aggregate principal amount of up to US\$25,000,000, shall be designated as “5.00% Secured Convertible Debentures” and shall be dated as of their Issue Date and shall, subject to the terms of this Indenture, mature on the Maturity Date.”

- (g) The Debenture Indenture is amended by deleting Section 2.2(2) of the Debenture Indenture and replacing it with the following:

The Debentures shall bear interest from their Issue Date at the rate of 5.00% per annum (based on a year of 365 days), payable in arrears in equal installments on each six month anniversary of the Issue Date and on the Maturity Date, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate. For the purposes of the Debenture Trustee and their internal processing, the record dates for the payment of interest on the Debentures will be the fifth Business Day preceding the applicable Interest Payment Date.

- (h) The Debenture Indenture is amended by deleting Section 2.2(4) of the Debenture Indenture and replacing it with the following:

The Debentures will be convertible in accordance with the terms of Article 3, at the holder's option, into fully-paid Shares as of the Early Conversion Date at the Conversion Price. The Conversion Notice for the Debentures shall be substantially in the form of Schedule "B".

- (i) The Debenture Indenture is amended by deleting Section 2.13 of the Debenture Indenture and replacing it with the following:

All Debentures issued hereunder, whether originally or upon exchange or in substitution for previously issued Debentures which are interest bearing, shall bear interest at a rate of 5.00% per annum calculated from and including their Issue Date.

- (j) The Debenture Indenture is amended by deleting Section 2.14(2) of the Debenture Indenture and replacing it with the following:

Notwithstanding the procedure outlined in Section 2.14(1) above, Debentureholders shall, subject to applicable regulatory approval, be entitled to elect to convert the principal amount of the Debentures held, directly or indirectly, by them to Shares at the Conversion Price as of the Early Conversion Date in accordance with Article 3 hereof, and such conversion shall satisfy the obligation of the Corporation to repay the principal amount of such Debentures on the Maturity Date. For the avoidance of doubt, the Corporation shall satisfy its obligations to pay any accrued and unpaid interest on the Debentures (less any tax required by law to be deducted) in cash in accordance with Section 2.14(1) or through the issuance by the Corporation of additional Debentures on the Maturity Date with a principal amount equal to such interest amount payable.

- (k) The Debenture Indenture is amended by deleting Section 3.1(1) of the Debenture Indenture and replacing it with the following:

The holder of each Debenture shall have the right, at such holder's option, prior to the close of business on the Maturity Date, but effective as of the Early Conversion Date, to convert any part, being US\$1,000 or an integral multiple thereof, of the principal amount of a Debenture into fully-paid Shares at the Conversion Price.

- (l) The Debenture Indenture is amended by deleting Section 3.1(3) of the Debenture Indenture and replacing it with the following:

Holders converting their Debentures will receive, in addition to the applicable number of Shares, accrued and unpaid interest (less any taxes required to be deducted) in respect of the Debentures surrendered for conversion up to but excluding the date of conversion, from, and including, their Issue Date. For clarity, payment of such interest shall be paid, at the option of the Corporation, either (i) in cash or (ii) through the issuance by the Corporation of additional Debentures on the Maturity Date with a principal amount equal to such interest amount payable, all on the Maturity Date in accordance with Section 2.14.

- (m) The Debenture Indenture is amended by deleting Section 3.1(4) of the Debenture Indenture and replacing it with the following:

For the purposes of this Article 3, a Debenture surrendered for conversion shall be deemed to be surrendered on such date of conversion, provided that the register of the Debenture Trustee is open and in accordance with the provisions of this Indenture or, in the case of a CDS Global Debenture, which the Debenture Trustee received notice of and all necessary documentation in respect of the conversion; provided that if a Debenture is surrendered for conversion on a day on which the register of Shares are closed, the person or persons entitled to receive Shares shall become the holder or holders of record of such Shares as at the date on which such registers are next reopened.

- (n) The Debenture Indenture is amended by deleting Section 3.1(6) of the Debenture Indenture and replacing it with the following:

A Debenture in respect of which a holder has accepted a notice in respect of a Change of Control Purchase Offer pursuant to the provisions of Section 3.2 may be surrendered for conversion as of the Early Conversion Date, as applicable, only if such notice is withdrawn in accordance with this Indenture.

- (o) The Debenture Indenture is amended by deleting Schedules A and B of the Debenture Indenture and replacing them with the forms set out in Appendix 1 hereto.

Section 2 Interpretation

This Supplemental Indenture is declared to be supplemental to the Debenture Indenture and is to form part of and shall have the same effect as though incorporated in the Debenture Indenture. On and after the date of this Supplemental Indenture, any reference to “this Indenture” in the Debenture Indenture and any reference to the Debenture Indenture in any other agreements will mean the Debenture Indenture as amended by this Supplemental Indenture. Except as specifically amended by this Supplemental Indenture, the provisions of the Debenture Indenture remain in full force and effect. Capitalized terms used in this Supplemental Indenture and not otherwise defined have the meanings ascribed to them in the Debenture Indenture.

Section 3 Applicable Law

This Supplemental Indenture shall be construed in accordance with the laws of the Province of Ontario and the federal laws applicable therein. Each of the parties hereto, which shall include the Debentureholders, irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Ontario with respect to all matters arising out of this Supplemental Indenture and the transactions contemplated herein.

Section 4 Execution

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

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF the parties hereto have executed this Supplemental Indenture under the hands of their proper officers in that behalf as of the date first written above.

GREEN GROWTH BRANDS INC.

By: 
Authorized Signing Officer

CAPITAL TRANSFER AGENCY ULC

By: _____
Authorized Signing Officer

Appendix 1
Form of Global Debenture

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 DISTRIBUTION DATE]**.

THIS DEBENTURE IS A GLOBAL DEBENTURE WITHIN THE MEANING OF THE INDENTURE HEREIN REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. THIS DEBENTURE MAY NOT BE TRANSFERRED TO OR EXCHANGED FOR DEBENTURES REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE. EVERY DEBENTURE AUTHENTICATED AND DELIVERED UPON REGISTRATION OF, TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS DEBENTURE SHALL BE A GLOBAL DEBENTURE SUBJECT TO THE FOREGOING, EXCEPT IN SUCH LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (“CDS”) TO GREEN GROWTH BRANDS INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.

[For Debenture Certificates issued to Debentureholders that are U.S. Persons, include the U.S. legend described in Section 3.2(2) of the Indenture]

CUSIP ●
ISIN ●

No. ●
US\$ ●

GREEN GROWTH BRANDS INC.

(A corporation existing under the laws of the Province of Ontario)

5.00% SECURED CONVERTIBLE DEBENTURE
due ●

Green Growth Brands Inc. (the “**Corporation**”) for value received hereby acknowledges itself indebted and, subject to the provisions of the Convertible Debenture Indenture (the “**Indenture**”) dated as of October 18, 2019, as amended on March 6, 2020 between the Corporation and Capital Transfer Agency ULC (the “**Debenture Trustee**”), promises to pay to _____ on ● (the “**Maturity Date**”) or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture, the principal sum of ● Dollars (US\$●), at the option of the Corporation, either, (i) in lawful money of the United States, or (ii) through the issuance by the Corporation of additional Debentures on the Maturity Date with a principal amount equal to such interest amount payable, on presentation and surrender of this Debenture at the main branch of the Debenture Trustee in Toronto, Ontario in accordance with the terms of the Indenture and, subject as hereinafter provided, to pay interest on the principal amount hereof from the date hereof, at the rate of 5.00% per annum (based on a year of 365 days), in like money or payment-in-kind, as applicable, in arrears in equal installments on the six month anniversary of the Issue Date and the Maturity Date, and, should the Corporation at any time make default in the payment of any principal, or interest, to pay interest on the amount in default at the same rate, in like money or payment-in-kind, as applicable and on the same date.

This Debenture is one of the 5.00% Secured Convertible Debentures (referred to herein as the “**Debentures**”) of the Corporation issued under the provisions of the Indenture. The Debentures authorized for issue immediately are limited to an aggregate principal amount of US\$25,000,000 in lawful money of the United States. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Debentures are or are to be issued and held and the rights and remedies of the holders of the Debentures and of the Corporation and of the Debenture Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Debenture by acceptance hereof assents.

The Debentures are issuable only in denominations of US\$1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, Debentures of any denomination may be exchanged for an equal aggregate principal amount of Debentures in any other authorized denomination or denominations.

The Corporation shall have the option, exercisable in its sole discretion, of repaying all or any portion of the then outstanding principal amount of all Debentures in cash at any time. In the event that the Corporation exercises this option, interest on such principal amount being repaid shall be calculated up to but excluding the Maturity Date from, and including, the Issue Date, and such interest, to the extent unpaid, shall be immediately due and payable at the time of repayment.

Any part, being US\$1,000 or an integral multiple thereof, of the principal of this Debenture, provided that the principal amount of this Debenture is in a denomination in excess of US\$1,000, is convertible, at the option of the holder hereof, upon surrender of this Debenture at the principal office of the Debenture Trustee in Toronto, Ontario, at any time as of the Early Conversion Date until prior to the close of business on the Maturity Date, into [Common][PV] Shares (without adjustment for interest accrued hereon or for dividends or distributions on [Common][PV] Shares issuable upon conversion) at a conversion price per [Common][PV]

Share equal to C\$[0.43/215.00] divided by the CDN/US Exchange Rate on the Business Day prior to the date of conversion (the "**Conversion Price**"), all subject to the terms and conditions and in the manner set forth in the Indenture.

The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Shares will be issued on any conversion and holders will receive a cash payment in satisfaction of any fractional interest. Holders converting their Debentures will receive accrued and unpaid interest thereon (less any taxes required to be deducted) in respect of the Debentures surrendered for conversion up to but excluding the date of conversion from, and including, their Issue Date. For clarity, payment of such interest shall be paid, at the option of the Corporation, either (i) in cash or (ii) through the issuance by the Corporation of additional Debentures on the Maturity Date with a principal amount equal to such interest amount payable, all on the Maturity Date in accordance with the terms in the Indenture.

Upon the occurrence of a Change of Control of the Corporation, the Corporation is required to make an offer, at the option of each Debentureholder, to purchase all of the Debentures at a cash price equal to the principal amount of such Debentures plus accrued and unpaid interest (if any) up to, but excluding, the date the Debentures are so repurchased.

The indebtedness evidenced by this Debenture, and by all other Debentures now or hereafter certified and delivered under the Indenture, is a direct secured obligation of the Corporation.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Debentures and Shares issuable upon conversion hereof have not and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States. The Debentures and the Shares may only be offered, sold, pledged or otherwise transferred to (i) the Corporation, or (ii) outside the United States to a person who is not a "U.S. person" (as defined by Regulation S under the U.S. Securities Act) in accordance with an applicable exemption under the U.S. Securities Act and applicable local securities laws and regulations.

The Indenture contains provisions making binding upon all holders of Debentures outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding, which resolutions or instruments may have the effect of amending the terms of this Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Shares, officers, directors and employees of the Corporation in respect of any obligation or claim arising out of the Indenture or this Debenture.

This Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Debenture Trustee in the City of Toronto and in such other place or places and/or by such other

registrars (if any) as the Corporation with the approval of the Debenture Trustee may designate. No transfer of this Debenture shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Debenture Trustee or other registrar, and upon compliance with such reasonable requirements as the Debenture Trustee or other registrar may prescribe and upon surrender of this Debenture for cancellation. Thereupon a new Debenture or Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Debenture shall not become obligatory for any purpose until it shall have been certified by the Debenture Trustee under the Indenture.

Capitalized words or expressions used in this Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.

[Reminder of this page intentionally left blank.]

IN WITNESS WHEREOF GREEN GROWTH BRANDS INC. has caused this Debenture to be signed by its authorized representatives as of the ● day of ●, 20__.

GREEN GROWTH BRANDS INC.

By: _____

(FORM OF DEBENTURE TRUSTEE'S CERTIFICATE)

This Debenture is one of the 5.00% Secured Convertible Debentures due ● referred to in the Indenture within mentioned.

CAPITAL TRANSFER AGENCY ULC

By: _____
(Authorized Officer)

Date: _____

FORM OF TRANSFER

CAPITAL TRANSFER AGENCY ULC FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers to

(print name and address) the Debentures represented by this Debenture Certificate and hereby irrevocable constitutes and appoints _____ as its attorney with full power of substitution to transfer the said securities on the appropriate register of the Debenture Trustee.

DATED this ____ day of _____, 20____.

In the case of a Debenture Certificate bearing the restrictive U.S. legend described in Section 3.2(2) of the Indenture, the undersigned hereby represents, warrants and certifies that (one (only) of the following must be checked):

- ☐ the transfer is being made to the Corporation; or
- ☐ the transfer is being made outside the United States to a person who is not a "U.S. person" (as defined by Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act")) in accordance with an applicable exemption under the U.S. Securities Act and applicable local securities laws and regulations.

SPACE FOR GUARANTEES OF SIGNATURES (BELOW)

)

) _____

) Signature of Transferor

)

) _____

Guarantor's Signature/Stamp

) Name of Transferor

)

CERTAIN REQUIREMENTS RELATING TO TRANSFERS – READ CAREFULLY

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. The signature(s) on this form must be guaranteed in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. Notarized or witnessed signatures are not acceptable as guaranteed signatures. As at the time of closing, you may choose one of the following methods (although subject to change in accordance with industry practice and standards):

- **Canada and the USA:** A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words “**Medallion Guaranteed**”, with the correct prefix covering the face value of the certificate.
- **Canada:** A Signature Guarantee obtained from the Guarantor must affix a stamp bearing the actual words “**Signature Guaranteed**”. Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program. For corporate holders, corporate signing resolutions, including certificate of incumbency, are also required to accompany the transfer, unless there is a “**Signature & Authority to Sign Guarantee**” Stamp affixed to the transfer (as opposed to a “**Signature Guarantee**” Stamp) obtained from an authorized officer of a major Canadian Schedule 1 chartered bank.
- **Outside North America:** For holders located outside North America, present the certificate(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

**APPENDIX “1”
TO CDS GLOBAL DEBENTURE**

GREEN GROWTH BRANDS INC.

**5.00% SECURED CONVERTIBLE DEBENTURES
DUE ●**

Initial Principal Amount: US\$●

CUSIP ●
ISIN ●

Authorization: _____

ADJUSTMENTS

Date	Amount of Increase	Amount of Decrease	New Principal Amount	Authorization

Schedule "B"
Form of Notice of Conversion

CONVERSION NOTICE

To: GREEN GROWTH BRANDS INC.

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

The undersigned registered holder of 5.00% Secured Convertible Debentures irrevocably elects to convert such Debentures (or US\$● principal amount thereof*) in accordance with the terms of the Indenture referred to in such Debentures and tenders herewith the Debentures and directs that the [PV] [Common] Shares of Green Growth Brands Inc. issuable upon a conversion be issued and delivered to the person indicated below. (If [PV][Common] Shares are to be issued in the name of a person other than the holder, all requisite transfer taxes must be tendered by the undersigned).

Dated:	(Signature of Registered Holder)

* If less than the full principal amount of the Debentures, indicate in the space provided the principal amount (which must be US\$1,000 or integral multiples thereof).

NOTE: If [PV] [Common] Shares are to be issued in the name of a person other than the holder, the signature must be guaranteed by a chartered bank, a trust company or by a member of an acceptable Medallion Guarantee Program. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".

(Print name in which [PV] [Common] Shares are to be issued, delivered and registered)

Name:	
Address:	
City, Province and Postal Code	
Name of Guarantor:	

Authorized
Signature:

Exhibit K

EXHIBIT "K"

referred to in the Affidavit of

RAYMOND C. WHITAKER III

Sworn May 19, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

SECURITY AGREEMENT

Security Agreement (as amended, modified, supplemented, restated or replaced from time to time, this “**Agreement**”) dated as of November ____, 2019 made by Green Growth Brands Inc., a corporation existing under the laws of the Province of Ontario (together with its successors and assigns, the “**Obligor**”) to and in favour of Capital Transfer Agency ULC (together with its successors and assigns, the “**Debenture Trustee**”) on behalf of the Debenture Trustee and the Debentureholders (as defined below).

WHEREAS the Obligor is authorized to issue up to US\$25,000,000 in principal amount of 15% secured convertible debentures of the Obligor to certain purchasers (the “**Debentureholders**”) on the terms and conditions contained in a debenture indenture dated as of October 18, 2019 between the Obligor and the Debenture Trustee (as amended, modified, extended, renewed, replaced, restated or supplemented from time to time, the “**Debenture Indenture**”);

WHEREAS as security for the due and timely payment and performance by the Obligor of all indebtedness, liabilities and obligations of the Obligor under the Debenture Indenture, the Obligor has agreed to execute and deliver this Agreement in favour of the Debenture Trustee on behalf of the Debenture Trustee and the Debentureholders;

NOW THEREFORE for good and valuable consideration, the receipt of which is hereby acknowledged, the Obligor agrees, for the benefit of the Debenture Trustee and the Debentureholders, as follows:

Section 1 Defined Terms; Interpretation.

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

“**Collateral**” has the meaning specified in Section 2.

“**Debenture Documents**” means the Debenture Indenture, this Agreement and each Debenture (as defined in the Debenture Indenture).

“**Encumbrance**” means any mortgage, charge, pledge, hypothecation, security interest, assignment by way of security, lien (statutory or otherwise), encumbrance, conditional sale agreement, capital lease, deposit arrangement, title retention agreement, and any other agreement, trust or arrangement that in substance secures payment or performance of an obligation.

“**Event of Default**” has the meaning specified in the Debenture Indenture.

“**Expenses**” has the meaning specified in Section 3(b).

“**June Debentures**” means the 15.00% secured convertible debentures of the Obligor issued to certain purchasers on the terms and conditions of a debenture indenture dated as of May 17, 2019 between the Obligor and the Debenture Trustee.

“**Person**” means a natural person, partnership, corporation, joint stock company, trust, unincorporated association, joint venture or other entity or governmental entity, and pronouns have a similarly extended meaning.

“**Secured Obligations**” has the meaning specified in Section 3(a).

“**Security Interest**” has the meaning specified in Section 3.

- (2) Terms defined in the *Personal Property Security Act* (Ontario) (as amended from time to time, the “**PPSA**”) or the *Securities Transfer Act, 2006* (Ontario) (“**STA**”) and used but not otherwise defined in this Agreement have the same meanings.
- (3) In this Agreement the words “**including**”, “**includes**” and “**include**” mean “**including (or includes or include) without limitation**”. The expressions “**Section**” and other subdivision followed by a number mean and refer to the specified Section or other subdivision of this Agreement. Words importing the singular number only include the plural and vice versa. The division of this Agreement into Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect its interpretation.
- (4) Any reference to this Agreement or any Debenture Document refers to this Agreement or such Debenture Document as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented and includes all schedules attached to it. Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.
- (5) Any reference in this Agreement to an Encumbrance permitted by this Agreement is not intended to subordinate or postpone, and shall not be interpreted as subordinating or postponing, or as any agreement to subordinate or postpone, any Encumbrance created by any of the Debenture Documents to any Encumbrance permitted hereunder, other than references to the June Debentures, which June Debentures shall rank prior to the Debentures.

Section 2 Grant of Security.

The Obligor grants to the Debenture Trustee (on behalf of the Debenture Trustee and the Debentureholders) a security interest in, and assigns, mortgages, charges, hypothecates and pledges to the Debenture Trustee (on behalf of the Debenture Trustee and the Debentureholders) all of the personal property and undertaking of the Obligor now owned or hereafter acquired and all of the personal property and undertaking in which the Obligor now has or hereafter acquires any interest (collectively, the “**Collateral**”) including all of the Obligor’s:

- (a) present and after acquired personal property;
- (b) inventory including goods held for sale, lease or resale, goods furnished or to be furnished to third parties under contracts of lease, consignment or service,

goods which are raw materials or work in process, goods used in or procured for packing and materials used or consumed in the business of the Obligor;

- (c) equipment, machinery, furniture, fixtures, plant, vehicles and other goods of every kind and description and all licences and other rights and all related records, files, charts, plans, drawings, specifications, manuals and documents;
- (d) accounts due or accruing and all related agreements, books, accounts, invoices, letters, documents and papers recording, evidencing or relating to them;
- (e) money, documents of title, chattel paper, financial assets and investment property;
- (f) securities accounts and all of the credit balances, security entitlements, other financial assets and items or property (or their value) standing to the credit from time to time in such securities accounts;
- (g) instruments and securities;
- (h) intangibles including all security interests, goodwill, choses in action, contracts, contract rights, licenses and other contractual benefits;
- (i) intellectual property;
- (j) all substitutions and replacements of and increases, additions and, where applicable, accessions to the property described in Section 2(a) through Section 2(i) inclusive; and
- (k) all proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in Section 2(a) through Section 2(j) inclusive, including the proceeds of such proceeds.

Section 3 Obligations Secured.

The security interest, assignment, mortgage, charge, hypothecation and pledge granted by this Agreement (collectively, the “**Security Interest**”) secures the payment and performance of:

- (a) all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by the Obligor to the Debenture Trustee or the Debentureholders in any currency, under, in connection with or pursuant to the Debenture Indenture and any other Debenture Document to which the Obligor is a party, and whether incurred by the Obligor alone or jointly with another or others and whether as principal, guarantor or surety and in whatever name or style (collectively, and together with the Expenses, the “**Secured Obligations**”); and

- (b) all expenses, costs and charges incurred by or on behalf of the Debenture Trustee or the Debentureholders in connection with this Agreement, the Security Interest or the Collateral, including all legal fees, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment for the Collateral, and of taking, defending or participating in any action or proceeding in connection with any of the foregoing matters or otherwise in connection with the Debenture Trustee's or the Debentureholders' interest in any Collateral, whether or not directly relating to the enforcement of this Agreement or any other Debenture Document (collectively, the "**Expenses**").

Section 4 Subordination of Security Interest

The Security Interest is subordinated, postponed and subject in right of payment subordinate to the security interest, assignment, mortgage, charge, hypothecation and pledge granted by the security agreement dated as of June 6, 2019 between the Obligor and the Debenture Trustee.

Section 5 Attachment.

- (1) The Obligor acknowledges that (i) value has been given, (ii) it has rights in the Collateral or the power to transfer rights in the Collateral to the Debenture Trustee (other than after-acquired Collateral and subject to Section 7), (iii) it has not agreed to postpone the time of attachment of the Security Interest, and (iv) it has received a copy of this Agreement.
- (2) The Security Interest does not extend to consumer goods.
- (3) The Security Interest does not extend or apply to the last day of the term of any lease or sublease of real property or any agreement for a lease or sublease of real property, now held or hereafter acquired by the Obligor, but the Obligor will stand possessed of any such last day upon trust to assign and dispose of it as the Debenture Trustee may reasonably direct.

Section 6 Grant of Licence to Use Intellectual Property.

At such time as the Debenture Trustee is lawfully entitled to exercise its rights and remedies under Section 20, the Obligor grants to the Debenture Trustee (on behalf of the Debenture Trustee and the Debentureholders) an irrevocable, nonexclusive licence (exercisable without payment of royalty or other compensation to the Obligor) to use, assign or sublicense any intellectual property in which the Obligor has rights wherever the same may be located, including in such licence access to (i) all media in which any of the licensed items may be recorded or stored, and (ii) all software and computer programs used for compilation or print-out. The license granted under this Section 6 is to enable the Debenture Trustee to exercise its rights and remedies under Section 11 through Section 19, inclusive, and for no other purpose.

Section 7 **Restricted Rights.**

- (1) Notwithstanding anything to the contrary contained in any other provision of this Agreement, if the Obligor cannot lawfully grant the Security Interest in any agreement, right, franchise, equipment lease or sublease, intellectual property right or licence in which it now or hereafter has rights (each, a "**Restricted Right**") or in any goods subject to any Restricted Right ("**Restricted Goods**") because the terms of such Restricted Right prohibit or restrict such Security Interest, the Restricted Right requires the consent of any Person which has not been obtained or the grant of such Security Interest in the Restricted Right or Restricted Goods would contravene or is void under any applicable statute or regulation, that Restricted Right shall not, to the extent it would be illegal or void (each, a "**Prescribed Restricted Right**"), be subject to the Security Interest (save to the extent provided below) unless and until such agreements, consents, waivers and approvals as may be required to avoid such illegality or voidness have been obtained. The Security Interest shall nonetheless immediately attach to any rights of the Obligor arising under, by reason of, or otherwise in respect of such Prescribed Restricted Right, such as the right to receive payments thereunder and all proceeds and replacements of the Prescribed Restricted Right ("**Related Rights**"), (i) if and to the extent and as at the time such attachment to the Related Rights is not illegal or void, (ii) if such prohibition or restriction is not enforceable against third parties such as the Debenture Trustee or (iii) if an Event of Default occurs and is continuing.
- (2) To the extent permitted by applicable statute or regulation, the Obligor will hold in trust for the Debenture Trustee (on behalf of the Debenture Trustee and the Debentureholders), and provide the Debenture Trustee with the benefits of, each Prescribed Restricted Right and following the occurrence of an Event of Default and while it is continuing, will enforce all Prescribed Restricted Rights at the direction of the Debenture Trustee or at the direction of such other Person (including any purchaser of Collateral from the Debenture Trustee or any receiver) as the Debenture Trustee may designate, provided that until the security interest created hereby becomes enforceable, the Obligor shall, be entitled to receive all proceeds relating to the Prescribed Restricted Rights, subject to the Security Interest.

Section 8 **Care and Custody of Collateral.**

- (1) The Debenture Trustee has no obligation to keep Collateral in its possession identifiable.
- (2) Without limiting any other rights or remedies under this Agreement, the Debenture Trustee may, upon the occurrence and during the continuance of an Event of Default, (i) notify any Person obligated on an instrument, chattel paper, security or account to make payments to the Debenture Trustee, whether or not the Obligor was previously making collections on such instruments, chattel paper, securities or accounts, and (ii) assume control of any proceeds arising from the Collateral.
- (3) The Debenture Trustee has no obligation to collect dividends, distributions or interest payable on, or exercise any option or right in connection with, any Collateral. The Debenture Trustee has no obligation to protect or preserve any Collateral from depreciating in value or becoming worthless and is released from all

responsibility for any loss of value. In the physical keeping of any securities, the Debenture Trustee is only obliged to exercise the same degree of care as it would exercise with respect to its own securities kept at the same place.

Section 9 Rights of the Obligor.

- (1) Until the occurrence of an Event of Default which is continuing, the Obligor is entitled to vote the securities that are part of the Collateral and to receive all dividends and distributions on such securities. Upon the occurrence of an Event of Default which is continuing, all rights of the Obligor to vote (under any proxy given by the Debenture Trustee (or its nominee) or otherwise) or to receive distributions or dividends cease and all such rights become vested solely and absolutely in the Debenture Trustee.
- (2) Any distributions or dividends received by the Obligor contrary to Section 9(1) or any other moneys or property received by the Obligor after the Security Interest is enforceable will be received as trustee for the Debenture Trustee and shall be immediately paid over to the Debenture Trustee.

Section 10 Expenses.

The Obligor is liable for and will pay on demand by the Debenture Trustee any and all Expenses.

Section 11 Enforcement.

The Security Interest becomes and is enforceable against the Obligor upon the occurrence and during the continuance of an Event of Default.

Section 12 Remedies.

Upon the occurrence and during the continuance of an Event of Default, the Debenture Trustee may, to the extent permitted by law, realize upon the Collateral and enforce the rights of the Debenture Trustee by:

- (a) entry onto any premises where Collateral consisting of tangible personal property may be located;
- (b) entry into possession of the Collateral by any method permitted by law;
- (c) sale, grant of options to purchase, or lease of all or any part of the Collateral;
- (d) holding, storing and keeping idle or operating all or any part of the Collateral;
- (e) exercising and enforcing all rights and remedies of a holder of the Collateral as if the Debenture Trustee were the absolute owner thereof (including, if necessary, causing the Collateral to be registered in the name of the Debenture Trustee or its nominee if not already done);
- (f) collection of any proceeds arising in respect of the Collateral;

- (g) collection, realization or sale of, or other dealing with, accounts;
- (h) license or sublicense, whether on an exclusive or nonexclusive basis, of any intellectual property for such term and on such conditions and in such manner as the Debenture Trustee in its sole judgment determines (taking into account such provisions as may be necessary to protect and preserve such intellectual property);
- (i) instruction or order to any issuer or securities intermediary pursuant to any control the Debenture Trustee has over the Collateral;
- (j) instruction to any bank to transfer all moneys constituting Collateral held by such bank to an account maintained with or by the Debenture Trustee;
- (k) appointment by instrument in writing of a receiver (which term as used in this Agreement includes a receiver and manager) or agent of all or any part of the Collateral and removal or replacement from time to time of any receiver or agent;
- (l) institution of proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Collateral;
- (m) institution of proceedings in any court of competent jurisdiction for sale or foreclosure of all or any part of the Collateral;
- (n) filing of proofs of claim and other documents to establish claims to the Collateral in any proceeding relating to the Obligor; and
- (o) any other remedy or proceeding authorized or permitted under the PPSA or otherwise by law or equity.

Section 13 Additional Rights.

In addition to the remedies set forth in Section 12 and elsewhere in this Agreement, the Debenture Trustee may, whenever the Security Interest is enforceable:

- (a) require the Obligor, at the Obligor's expense, to assemble the Collateral at a place or places designated by notice in writing and the Obligor agrees to so assemble the Collateral immediately upon receipt of such notice;
- (b) require the Obligor, by notice in writing, to disclose to the Debenture Trustee the location or locations of the Collateral and the Obligor agrees to promptly make such disclosure when so required;
- (c) repair, process, modify, complete or otherwise deal with the Collateral and prepare for the disposition of the Collateral, whether on the premises of the Obligor or otherwise;
- (d) redeem any prior security interest against any Collateral, procure the transfer of such security interest to itself, or settle and pass the accounts of the prior

mortgagee, chargee or encumbrancer (any accounts to be conclusive and binding on the Obligor);

- (e) pay any liability secured by any Encumbrance against any Collateral (the Obligor will immediately on demand reimburse the Debenture Trustee for all such payments);
- (f) carry on all or any part of the business of the Obligor and, to the exclusion of all others including the Obligor, enter upon, occupy and use all or any of the premises, buildings, and other property of or used by the Obligor for such time as the Debenture Trustee sees fit, free of charge, and the Debenture Trustee shall not be liable to the Obligor for any act, omission or negligence in so doing or for any rent, charges, depreciation or damages incurred in connection with or resulting from such action;
- (g) borrow for the purpose of carrying on the business of the Obligor or for the maintenance, preservation or protection of the Collateral and grant a security interest in the Collateral, whether or not in priority to the Security Interest, to secure repayment;
- (h) commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give good and valid receipts and discharges in respect of the Collateral and compromise or give time for the payment or performance of all or any part of the accounts or any other obligation of any third party to the Obligor; and
- (i) at any public sale, and to the extent permitted by law on any private sale, bid for and purchase any or all of the Collateral offered for sale and upon compliance with the terms of such sale, hold, retain and dispose of such Collateral without any further accountability to the Obligor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Debenture Trustee, the Debenture Trustee may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Secured Obligations then due and payable to it as a credit against the purchase price.

Section 14 Exercise of Remedies.

The remedies under Section 12 and Section 13 may be exercised from time to time separately or in combination and are in addition to, and not in substitution for, any other rights of the Debenture Trustee however arising or created. The Debenture Trustee is not bound to exercise any right or remedy, and the exercise of rights and remedies is without prejudice to the rights of the Debenture Trustee in respect of the Secured Obligations including the right to claim for any deficiency.

Section 15 Receiver's Powers.

- (1) Any receiver appointed by the Debenture Trustee shall be vested with the rights and remedies which could have been exercised by the Debenture Trustee in respect of the

Obligor or the Collateral and such other powers and discretions as are granted in the instrument of appointment and any supplemental instruments. The identity of the receiver, its replacement and its remuneration shall be within the sole and unfettered discretion of the Debenture Trustee.

- (2) Any receiver appointed by the Debenture Trustee shall act as agent for the Debenture Trustee for the purposes of taking possession of the Collateral, but otherwise and for all other purposes (except as provided below), as agent for the Obligor. The receiver may sell, lease, or otherwise dispose of Collateral as agent for the Obligor or as agent for the Debenture Trustee as the Debenture Trustee may determine in its discretion. The Obligor agrees to ratify and confirm all actions of the receiver acting as agent for the Obligor, and to release and indemnify the receiver in respect of all such actions.
- (3) The Debenture Trustee, in appointing or refraining from appointing any receiver, shall not incur liability to the receiver, the Obligor or otherwise and shall not be responsible for any misconduct or negligence of the receiver.

Section 16 Appointment of Attorney.

The Obligor hereby irrevocably constitutes and appoints the Debenture Trustee (and any officer of the Debenture Trustee) the true and lawful attorney of the Obligor. As the attorney of the Obligor, the Debenture Trustee has the power to exercise for and in the name of the Obligor with full power of substitution, upon the occurrence and during the continuance of an Event of Default, any of the Obligor's right (including the right of disposal), title and interest in and to the Collateral including the execution, endorsement, delivery and transfer of the Collateral to the Debenture Trustee, its nominees or transferees, and the Debenture Trustee and its nominees or transferees are hereby empowered to exercise all rights and powers and to perform all acts of ownership with respect to the Collateral to the same extent as the Obligor might do. This power of attorney is irrevocable, is coupled with an interest, has been given for valuable consideration (the receipt and adequacy of which is acknowledged) and survives, and does not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Obligor. This power of attorney extends to and is binding upon the Obligor's successors and permitted assigns.

Section 17 Dealing with the Collateral.

- (1) The Debenture Trustee shall not be obliged to exhaust its recourse against the Obligor or any other Person or against any other security it may hold in respect of the Secured Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Debenture Trustee may consider desirable.
- (2) The Debenture Trustee may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Obligor and with other Persons, sureties or securities as it may see fit without prejudice to the Secured Obligations, the liability of the Obligor or the rights of the Debenture Trustee in respect of the Collateral.
- (3) Except as otherwise provided by law or this Agreement, the Debenture Trustee shall not be (i) liable or accountable for any failure to collect, realize or obtain payment in

respect of the Collateral, (ii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of any Persons in respect of the Collateral, (iii) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal with the Collateral, or (iv) bound to protect the Collateral from depreciating in value or becoming worthless.

Section 18 Standards of Sale.

Without prejudice to the ability of the Debenture Trustee to dispose of the Collateral in any manner which is commercially reasonable, the Obligor acknowledges that:

- (a) the Collateral may be disposed of in whole or in part;
- (b) the Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (c) any assignee of such Collateral may be the Debenture Trustee or a customer of the Debenture Trustee;
- (d) any sale conducted by the Debenture Trustee will be at such time and place, on such notice and in accordance with such procedures as the Debenture Trustee, in its sole discretion, may deem advantageous;
- (e) the Collateral may be disposed of in any manner and on any terms necessary to avoid violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that the prospective bidders and purchasers have certain qualifications, and restrict the prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of the Collateral) or in order to obtain any required approval of the disposition (or of the resulting purchase) by any governmental or regulatory authority or official;
- (f) a disposition of Collateral may be on such terms and conditions as to credit or otherwise as the Debenture Trustee, in its sole discretion, may deem advantageous; and
- (g) the Debenture Trustee may establish an upset or reserve bid or price in respect of the Collateral.

Section 19 Dealings by Third Parties.

- (1) No Person dealing with the Debenture Trustee or an agent or receiver shall be required to determine (i) whether the Security Interest has become enforceable, (ii) whether the powers which such Person is purporting to exercise have become exercisable, (iii) whether any money remains due to the Debenture Trustee by the Obligor, (iv) the necessity or expediency of the stipulations and conditions subject to which any sale or lease is made, (v) the propriety or regularity of any sale or other

dealing by the Debenture Trustee with the Collateral, or (vi) how any money paid to the Debenture Trustee has been applied.

- (2) Any *bona fide* purchaser of all or any part of the Collateral from the Debenture Trustee or any receiver or agent shall hold the Collateral absolutely, free from any claim or right of whatever kind, including any equity of redemption, of the Obligor, which it specifically waives (to the fullest extent permitted by law) as against any such purchaser together with all rights of redemption, stay or appraisal which the Obligor has or may have under any rule of law or statute now existing or hereafter adopted.

Section 20 Representations, Warranties and Covenants.

The Obligor represents and warrants and covenants and agrees, acknowledging and confirming that the Debenture Trustee is relying on such representations, warranties, covenants and agreements, that:

- (1) **Continuous Perfection.** Schedule "1" sets out the Obligor's (i) place of business or, if more than one, chief executive office, (ii) registered office and (iii) jurisdiction of organization. The Obligor will not change the location of its place of business or chief executive office, as the case may be, registered office or jurisdiction of organization without providing at least thirty (30) days prior written notice to the Debenture Trustee. The Collateral, subject to dispositions of Collateral as permitted in the Debenture Indenture, is kept and will be kept at those locations listed on Schedule "A", and the Obligor will not remove the Collateral from such locations, without providing at least thirty (30) days prior written notice to the Debenture Trustee, provided that Collateral may be moved to another location as long as such other location is in a jurisdiction in which the Debenture Trustee has a valid and perfected security interest in the Collateral. The Obligor will not change its name in any manner without providing at least thirty (30) days prior written notice to the Debenture Trustee.
- (2) **Dispositions.** The Obligor will not sell, assign, convey, exchange, lease, release or abandon, or otherwise dispose of, any Collateral except as permitted in the Debenture Indenture.

Section 21 General.

- (1) Any notice, direction or other communication to be given under this Agreement shall be in writing and given in accordance with the Debenture Indenture.
- (2) The Security Interest shall be discharged upon, but only upon, full and indefeasible payment and performance of the Secured Obligations. Upon discharge of the Security Interest and at the request and expense of the Obligor, the Debenture Trustee shall execute and deliver to the Obligor such releases, discharges, financing statements and other documents or instruments as the Obligor may reasonably require and the Debenture Trustee will redeliver to the Obligor, or as the Obligor may otherwise direct the Debenture Trustee, any Collateral in its possession.

- (3) This Agreement does not operate by way of merger of any of the Secured Obligations and no judgment recovered by the Debenture Trustee will operate by way of merger of, or in any way affect, the Security Interest, which is in addition to, and not in substitution for, any other security now or hereafter held by the Debenture Trustee in respect of the Secured Obligations. The representations, warranties and covenants of the Obligor in this Agreement survive the execution and delivery of this Agreement and any advances made hereunder. Notwithstanding any investigation made by or on behalf of the Debenture Trustee, the covenants, representations and warranties continue in full force and effect.
- (4) The Obligor will do all acts and things and execute and deliver, or cause to be executed and delivered, all agreements, documents and instruments that the Debenture Trustee may require and take all further steps relating to the Collateral or any other property or assets of the Obligor that the Debenture Trustee may require for (i) protecting the Collateral, (ii) perfecting, preserving and protecting the Security Interest, and (iii) exercising all powers, authorities and discretions conferred upon the Debenture Trustee. After the Security Interest becomes enforceable, the Obligor will do all acts and things and execute and deliver all documents and instruments that the Debenture Trustee may require for facilitating the sale or other disposition of the Collateral in connection with its realization.
- (5) This Agreement is in addition to, without prejudice to and supplemental to all other security now held or which may hereafter be held by the Debenture Trustee.
- (6) This Agreement shall be binding on the Obligor, its successors and assigns, and enures to the benefit of the Debenture Trustee and its successors and assigns. This Agreement may be assigned by the Debenture Trustee, upon notice to the Obligor, to such Person as the Debenture Trustee may determine and, in such event, such Person will be entitled to all of the rights and remedies of the Debenture Trustee as set forth in this Agreement or otherwise. In any action brought by an assignee to enforce any such right, the Obligor shall not assert against the assignee any claim or defence which the Obligor has or may have against the Debenture Trustee. The Obligor may not assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Debenture Trustee which may be unreasonably withheld.
- (7) The Obligor acknowledges and agrees that in the event it amalgamates with any other corporation or corporations, it is the intention of the parties that the Security Interest (i) extends to: (A) all of the property and undertaking that any of the amalgamating corporations then owns, (B) all of the property and undertaking that the amalgamated corporation thereafter acquires, (C) all of the property and undertaking in which any of the amalgamating corporations then has any interest and (D) all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest; and (ii) secures the payment and performance of all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by each of the amalgamating corporations and the amalgamated corporation to the Debenture Trustee in any currency, under, in connection with or pursuant to the Debenture Documents to which any of the

amalgamating corporations or the amalgamated corporation is a party, and whether incurred alone or jointly with another or others and whether as principal, guarantor or surety and whether incurred prior to, at the time of or subsequent to the amalgamation. The Security Interest attaches to the additional collateral at the time of amalgamation and to any collateral thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired. Upon any such amalgamation, the defined term “**Obligor**” means, collectively, each of the amalgamating corporations and the amalgamated corporation, the defined term “**Collateral**” means all of the property and undertaking and interests described in (i) above, and the defined term “**Secured Obligations**” means the obligations described in (ii) above.

- (8) If any court of competent jurisdiction determines any provision of this Agreement to be illegal, invalid or unenforceable, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.
- (9) This Agreement may only be amended, supplemented or otherwise modified by written agreement executed by the Debenture Trustee and the Obligor.
- (10) No consent or waiver by the Debenture Trustee in respect of this Agreement is binding unless made in writing and signed by an authorized officer of the Debenture Trustee. Any consent or waiver given under this Agreement is effective only in the specific instance and for the specific purpose for which given. No waiver of any of the provisions of this Agreement constitutes a waiver of any other provision. A failure or delay on the part of the Debenture Trustee in exercising a right under this Agreement does not operate as a waiver of, or impair, any right of the Debenture Trustee however arising. A single or partial exercise of a right on the part of the Debenture Trustee does not preclude any other or further exercise of that right or the exercise of any other right by the Debenture Trustee.
- (11) This Agreement will be governed by, interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

[Signature page follows]

IN WITNESS WHEREOF the Obligor has executed this Agreement.

GREEN GROWTH BRANDS INC.

By: 

Name: BRIAN LOGAN

Title: CFO

SCHEDULE "1"
RELEVANT JURISDICTIONS

(i) Chief Executive Office:

4300 E. 5th Avenue
Columbus, Ohio 43219

(ii) Registered Office:

Suite 5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9

(iii) Jurisdiction of Organization: Province of Ontario

Exhibit L

EXHIBIT "L"

referred to in the Affidavit of

RAYMOND C. WHITAKER III

Sworn May 19, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

GREEN GROWTH BRANDS INC.

PROMISSORY NOTE

Amount: US\$400,000

Date: May 4, 2020

FOR VALUE RECEIVED, the undersigned, Green Growth Brands Inc. (the "**Borrower**"), incorporated under the laws of the Province of Ontario with its principal office and place of business at 4300 E 5th Avenue, Columbus, OH 43219, acknowledges itself indebted and **PROMISES TO PAY** to or to the order of All Js Greenspace LLC (the "**Lender**"), at its offices at 4300 East Fifth Ave., Columbus, Ohio 43219 or such other place as the Lender may designate, the principal amount of **FOUR HUNDRED THOUSAND DOLLARS (US\$400,000)** in lawful money of the United States **ON DEMAND**, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note, provided that demand for payment may only be made by the Lender upon ten days prior written notice to the Borrower.

The principal amount remaining from time to time unpaid and outstanding shall bear interest, both before and after demand and judgment to the date of the repayment in full of the principal amount, at the rate of five (5%) per cent per annum. Interest at such rate shall accrue daily and be calculated on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be, and shall be payable on demand. Overdue interest shall bear interest at the rate of eight (8%) per cent per annum, calculated as aforesaid.

The Borrower agrees to promptly (and in any event within five (5) Business Days of receipt of the consents as further described in (i) and (ii) below) deliver to the Lender the security listed in Schedule "A" hereto as security for its obligations under this Note and any other indebtedness, liabilities and obligations of the Borrower to the Lender from time to time, provided that consent has been received by the Borrower from not less than 66 2/3% of the aggregate principal amount then outstanding of each of (i) the secured convertible debentures issued pursuant to a convertible debenture indenture dated May 17, 2019 and (ii) the secured convertible debentures issued pursuant to a convertible debenture indenture dated as of October 18, 2019, as supplemented by a supplemental debenture indenture dated as of March 6, 2020. The Borrower agrees to use commercially reasonable efforts to assist the Lender in obtaining the consents described herein.

In this Note, "**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which banks are closed for business in Toronto Ontario.

The Borrower shall have the right and privilege of paying the whole or any portion of the principal amount of this Note from time to time remaining unpaid and outstanding at any time or times.

The recording by the Lender in its accounts of principal amounts owing by the Borrower, accrued interest and repayments shall, in the absence of manifest mathematical error, be *prima facie* evidence of the same; provided that the failure of the Lender to record the same shall not affect the obligation of the Borrower to pay such amounts to the Lender.

The Borrower and all endorser of this Note waive presentment for payment and notice of non-payment and agree and consent to all extensions or renewals of this Note without notice.

This Note shall be binding on the Borrower, its successors and assigns, and enures to the benefit of the Lender and its successors and assigns. This Note may be assigned by the Lender, upon notice to the Borrower, to such person as the Lender may determine. The Borrower may not

assign, transfer or delegate any of its rights or obligations under this Note without the prior written consent of the Lender which may be unreasonably withheld.

This Note is governed by, and will be interpreted and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Borrower irrevocably attorns and submits to the non-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.

[Signature Page Follows]

IN WITNESS WHEREOF the Borrower has executed this Note effective as of the date written above.

GREEN GROWTH BRANDS INC.

By: *Raymond C. Whitaker III*

Authorized Signing Officer

SCHEDULE "A"

SECURITY

1. A general security agreement of the Borrower, in form and substance satisfactory to the Borrower and the Lender, each acting reasonably, granting the Lender a security interest in all of the Borrower's present and after-acquired personal property.
2. A general security agreement of each of the subsidiaries of the Borrower, in each case supported by a guarantee in favour of the Lender, in form and substance satisfactory to the Borrower and the Lender, each acting reasonably, granting the Lender a security interest in all of such subsidiary's present and after-acquired personal property, subject to any limitations on the grant of security in any statute, regulations, proceedings or orders made by a court of competent jurisdiction to which such subsidiary or its assets is subject, but only to the extent of such limitation; provided that:
 - (a) the general security agreement to be granted by GGB Green Holdings LLC ("**GGB Green**") shall exclude the shares of GGB Florida LLC ("**GGB Florida**"), as more particularly described in and pledged pursuant to the amended and restated security agreement dated on or about the date hereof, unamended, between GGB Green, Spring Oaks Greenhouses, Inc. ("**Spring Oaks**") and together with GGB Florida, collectively, the "**FL Entities**") and Stanley W. Harris; and
 - (b) neither of the FL Entities shall be required to deliver a general security agreement or any other security of any kind to the Lender.
3. A collateral mortgage/charge in favour of the Lender against any real property owned by the Borrower or any of its subsidiaries (other than by the FL Entities), provided that such real property is not otherwise encumbered by any other mortgage or charge as of the date hereof.

**eversign**

Audit Trail

Document Details

Title	Loan Doc Signatures
File Name	GGB – Signature Package 2020-05-05 14_36_10.pdf
Document ID	359fbb86bad048108ed39cf211a35804
Fingerprint	d773c34cea01caaf8b9f9b488aeea5e3
Status	Completed

Document History

Document Created	Document Created Fingerprint: d773c34cea01caaf8b9f9b488aeea5e3	May 05 2020 02:38PM UTC
Document Sent	Document Sent to Randy Whitaker (rwhitaker@GreenGrowthBrands.com)	May 05 2020 02:38PM UTC
Document Viewed	Document Viewed by Randy Whitaker (rwhitaker@GreenGrowthBrands.com) IP: 70.176.1.99	May 05 2020 02:39PM UTC
Document Signed	Document Signed by Randy Whitaker (rwhitaker@GreenGrowthBrands.com) IP: 70.176.1.99	May 05 2020 02:40PM UTC
Document Completed	This document has been completed. Fingerprint: 622e45824594840e3c3a22bb5899443c	May 05 2020 02:40PM UTC

GREEN GROWTH BRANDS INC.

PROMISSORY NOTE

Amount: US\$400,000

Date: May 12, 2020

FOR VALUE RECEIVED, the undersigned, Green Growth Brands Inc. (the “**Borrower**”), incorporated under the laws of the Province of Ontario with its principal office and place of business at 4300 E 5th Avenue, Columbus, OH 43219, acknowledges itself indebted and **PROMISES TO PAY** to or to the order of All Js Greenspace LLC (the “**Lender**”), at its offices at 4300 East Fifth Ave., Columbus, Ohio 43219 or such other place as the Lender may designate, the principal amount of FOUR HUNDRED THOUSAND DOLLARS (US\$400,000) in lawful money of the United States **ON DEMAND**, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note, provided that demand for payment may only be made by the Lender upon ten days prior written notice to the Borrower.

The principal amount remaining from time to time unpaid and outstanding shall bear interest, both before and after demand and judgment to the date of the repayment in full of the principal amount, at the rate of five (5%) per cent per annum. Interest at such rate shall accrue daily and be calculated on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be, and shall be payable on demand. Overdue interest shall bear interest at the rate of eight (8%) per cent per annum, calculated as aforesaid.

The Borrower shall have the right and privilege of paying the whole or any portion of the principal amount of this Note from time to time remaining unpaid and outstanding at any time or times.

The recording by the Lender in its accounts of principal amounts owing by the Borrower, accrued interest and repayments shall, in the absence of manifest mathematical error, be *prima facie* evidence of the same; provided that the failure of the Lender to record the same shall not affect the obligation of the Borrower to pay such amounts to the Lender.

The Borrower and all endorsers of this Note waive presentment for payment and notice of non-payment and agree and consent to all extensions or renewals of this Note without notice.

This Note shall be binding on the Borrower, its successors and assigns, and enures to the benefit of the Lender and its successors and assigns. This Note may be assigned by the Lender, upon notice to the Borrower, to such person as the Lender may determine. The Borrower may not assign, transfer or delegate any of its rights or obligations under this Note without the prior written consent of the Lender which may be unreasonably withheld.

This Note is governed by, and will be interpreted and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Borrower irrevocably attorns and submits to the non-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.

[Signature Page Follows]

IN WITNESS WHEREOF the Borrower has executed this Note effective as of the date written above.

GREEN GROWTH BRANDS INC.

By: Randy Whitaker

Authorized Signing Officer

**eversign**

Audit Trail

Document Details

Title	Note for Signature
File Name	#111815632v2 GGB Note (May 12).pdf
Document ID	c97a468a3d18479dbe4a10b958d05ba6
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Status	Completed

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Document Completed	This document has been completed. Fingerprint: 84b4deede3a07d63a5cbac898c7932cc	May 12 2020 05:21PM UTC

Exhibit M

EXHIBIT "M"

referred to in the Affidavit of

RAYMOND C. WHITAKER III

Sworn May 19, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

SECURITY AGREEMENT

Security Agreement (as amended, modified, supplemented, restated or replaced from time to time, this “**Agreement**”) dated as of May 4, 2020 made by Green Growth Brands Inc., a corporation existing under the laws of the Province of Ontario (together with its successors and assigns, the “**Obligor**”) to and in favour of All Js Greenspace LLC (together with its successors and assigns, the “**Lender**”).

WHEREAS the Obligor issued a promissory note in the principal amount of US\$400,000 on May 4, 2020 (as amended, modified, extended, renewed, replaced, restated or supplemented from time to time, the “**Note**”);

WHEREAS as security for the due and timely payment and performance by the Obligor of the Note and the other Secured Obligations (as defined herein), the Obligor has agreed to execute and deliver this Agreement in favour of the Lender;

NOW THEREFORE for good and valuable consideration, the receipt of which is hereby acknowledged, the Obligor agrees, for the benefit of the Lender, as follows:

Section 1 Defined Terms; Interpretation.

- (1) As used in this Agreement, the following terms have the following meanings:

“**Collateral**” has the meaning specified in Section 2.

“**Debentures**” means, collectively (i) the secured convertible debentures of the Obligor issued to certain purchasers on the terms and conditions of a debenture indenture dated as of May 17, 2019, and (ii) the secured convertible debentures of the Obligor issued to certain purchasers on the terms and conditions of a debenture indenture dated as of October 18, 2019, as supplemented by a supplemental debenture indenture dated as of March 6, 2020.

“**Expenses**” has the meaning specified in Section 3(b).

“**Loan Documents**” means the Note and this Agreement.

“**Person**” means a natural person, partnership, corporation, joint stock company, trust, unincorporated association, joint venture or other entity or governmental entity, and pronouns have a similarly extended meaning.

“**Secured Obligations**” has the meaning specified in Section 3(a).

“**Security Interest**” has the meaning specified in Section 3.

- (2) Terms defined in the *Personal Property Security Act* (Ontario) (as amended from time to time, the “**PPSA**”) or the *Securities Transfer Act, 2006* (Ontario) and used but not otherwise defined in this Agreement have the same meanings.

- (3) In this Agreement the words “**including**”, “**includes**” and “**include**” mean “**including (or includes or include) without limitation**”. The expressions “**Section**” and other subdivision followed by a number mean and refer to the specified Section or other subdivision of this Agreement. Words importing the singular number only include the plural and vice versa. The division of this Agreement into Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect its interpretation.
- (4) Any reference to this Agreement or any Loan Document refers to this Agreement or such Loan Document as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented and includes all schedules attached to it. Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.

Section 2 Grant of Security.

The Obligor grants to the Lender a security interest in, and assigns, mortgages, charges, hypothecates and pledges to the Lender all of the personal property and undertaking of the Obligor now owned or hereafter acquired and all of the personal property and undertaking in which the Obligor now has or hereafter acquires any interest (collectively, the “**Collateral**”) including all of the Obligor’s:

- (a) present and after acquired personal property;
- (b) inventory including goods held for sale, lease or resale, goods furnished or to be furnished to third parties under contracts of lease, consignment or service, goods which are raw materials or work in process, goods used in or procured for packing and materials used or consumed in the business of the Obligor;
- (c) equipment, machinery, furniture, fixtures, plant, vehicles and other goods of every kind and description and all licences and other rights and all related records, files, charts, plans, drawings, specifications, manuals and documents;
- (d) accounts due or accruing and all related agreements, books, accounts, invoices, letters, documents and papers recording, evidencing or relating to them;
- (e) money, documents of title, chattel paper, financial assets and investment property;
- (f) securities accounts and all of the credit balances, security entitlements, other financial assets and items or property (or their value) standing to the credit from time to time in such securities accounts;
- (g) instruments and securities;

- (h) intangibles including all security interests, goodwill, choses in action, contracts, contract rights, licenses and other contractual benefits;
- (i) intellectual property;
- (j) all substitutions and replacements of and increases, additions and, where applicable, accessions to the property described in Section 2(a) through Section 2(i) inclusive; and
- (k) all proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in Section 2(a) through Section 2(j) inclusive, including the proceeds of such proceeds.

Section 3 Obligations Secured.

The security interest, assignment, mortgage, charge, hypothecation and pledge granted by this Agreement (collectively, the “**Security Interest**”) secures the payment and performance of:

- (a) all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by the Obligor to the Lender in any currency, however or wherever incurred, excluding any debts, liabilities and obligations under the Debentures, and whether incurred by the Obligor alone or jointly with another or others and whether as principal, guarantor or surety and in whatever name or style (collectively, and together with the Expenses, the “**Secured Obligations**”); and
- (b) all expenses, costs and charges incurred by or on behalf of the Lender in connection with the Loan Documents, the Security Interest or the Collateral, including all legal fees, court costs, receiver’s or agent’s remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment for the Collateral, and of taking, defending or participating in any action or proceeding in connection with any of the foregoing matters or otherwise in connection with the Lender’s interest in any Collateral, whether or not directly relating to the enforcement of this Agreement or any other Loan Document (collectively, the “**Expenses**”).

Section 4 Attachment.

- (1) The Obligor acknowledges that (i) value has been given, (ii) it has rights in the Collateral or the power to transfer rights in the Collateral to the Lender (other than after-acquired Collateral and subject to Section 6), (iii) it has not agreed to postpone the time of attachment of the Security Interest, and (iv) it has received a copy of this Agreement.
- (2) The Security Interest does not extend to consumer goods.

- (3) The Security Interest does not extend or apply to the last day of the term of any lease or sublease of real property or any agreement for a lease or sublease of real property, now held or hereafter acquired by the Obligor, but the Obligor will stand possessed of any such last day upon trust to assign and dispose of it as the Lender may reasonably direct.

Section 5 Grant of Licence to Use Intellectual Property.

At such time as the Lender is lawfully entitled to exercise its rights and remedies under Section 11Section 12, the Obligor grants to the Lender an irrevocable, nonexclusive licence (exercisable without payment of royalty or other compensation to the Obligor) to use, assign or sublicense any intellectual property in which the Obligor has rights wherever the same may be located, including in such licence access to (i) all media in which any of the licensed items may be recorded or stored, and (ii) all software and computer programs used for compilation or print-out. The license granted under this Section 5 is to enable the Lender to exercise its rights and remedies under Section 11 through Section 19, inclusive, and for no other purpose.

Section 6 Restricted Rights.

- (1) Notwithstanding anything to the contrary contained in any other provision of this Agreement, if the Obligor cannot lawfully grant the Security Interest in any agreement, right, franchise, equipment lease or sublease, intellectual property right or licence in which it now or hereafter has rights (each, a "**Restricted Right**") or in any goods subject to any Restricted Right ("**Restricted Goods**") because the terms of such Restricted Right prohibit or restrict such Security Interest, the Restricted Right requires the consent of any Person which has not been obtained or the grant of such Security Interest in the Restricted Right or Restricted Goods would contravene or is void under any applicable statute or regulation, that Restricted Right shall not, to the extent it would be illegal or void (each, a "**Prescribed Restricted Right**"), be subject to the Security Interest (save to the extent provided below) unless and until such agreements, consents, waivers and approvals as may be required to avoid such illegality or voidness have been obtained. The Security Interest shall nonetheless immediately attach to any rights of the Obligor arising under, by reason of, or otherwise in respect of such Prescribed Restricted Right, such as the right to receive payments thereunder and all proceeds and replacements of the Prescribed Restricted Right ("**Related Rights**"), (i) if and to the extent and as at the time such attachment to the Related Rights is not illegal or void, (ii) if such prohibition or restriction is not enforceable against third parties such as the Lender, or (iii) whenever the Security Interest is enforceable.
- (2) To the extent permitted by applicable statute or regulation, the Obligor will hold in trust for the Lender, and provide the Lender with the benefits of, each Prescribed Restricted Right and whenever the Security Interest is enforceable, will enforce all Prescribed Restricted Rights at the direction of the Lender or at the direction of such other Person (including any purchaser of Collateral from the Lender or any receiver) as the Lender may designate, provided that until the security interest created hereby

becomes enforceable, the Obligor shall, be entitled to receive all proceeds relating to the Prescribed Restricted Rights, subject to the Security Interest.

Section 7 Care and Custody of Collateral.

- (1) The Lender has no obligation to keep Collateral in its possession identifiable.
- (2) Without limiting any other rights or remedies under this Agreement, the Lender may, after the Security Interest is enforceable, (i) notify any Person obligated on an instrument, chattel paper, security or account to make payments to the Lender, whether or not the Obligor was previously making collections on such instruments, chattel paper, securities or accounts, and (ii) assume control of any proceeds arising from the Collateral.
- (3) The Lender has no obligation to collect dividends, distributions or interest payable on, or exercise any option or right in connection with, any Collateral. The Lender has no obligation to protect or preserve any Collateral from depreciating in value or becoming worthless and is released from all responsibility for any loss of value. In the physical keeping of any securities, the Lender is only obliged to exercise the same degree of care as it would exercise with respect to its own securities kept at the same place.

Section 8 Rights of the Obligor.

- (1) Until the Security Interest is enforceable, the Obligor is entitled to vote the securities that are part of the Collateral and to receive all dividends and distributions on such securities. Whenever the Security Interest is enforceable, all rights of the Obligor to vote (under any proxy given by the Lender (or its nominee) or otherwise) or to receive distributions or dividends cease and all such rights become vested solely and absolutely in the Lender.
- (2) Any distributions or dividends received by the Obligor contrary to Section 8(1) or any other moneys or property received by the Obligor after the Security Interest is enforceable will be received as trustee for the Lender and shall be immediately paid over to the Lender.

Section 9 Expenses.

The Obligor is liable for and will pay on demand by the Lender any and all Expenses.

Section 10 Enforcement.

The Security Interest becomes and is enforceable against the Obligor if and when it fails to repay or perform any of the Secured Obligations when due and payable or when due to be performed, as the case may be.

Section 11 Remedies.

Whenever the Security Interest is enforceable, the Lender may, to the extent permitted by law, realize upon the Collateral and enforce the rights of the Lender by:

- (a) entry onto any premises where Collateral consisting of tangible personal property may be located;
- (b) entry into possession of the Collateral by any method permitted by law;
- (c) sale, grant of options to purchase, or lease of all or any part of the Collateral;
- (d) holding, storing and keeping idle or operating all or any part of the Collateral;
- (e) exercising and enforcing all rights and remedies of a holder of the Collateral as if the Lender were the absolute owner thereof (including, if necessary, causing the Collateral to be registered in the name of the Lender or its nominee if not already done);
- (f) collection of any proceeds arising in respect of the Collateral;
- (g) collection, realization or sale of, or other dealing with, accounts;
- (h) license or sublicense, whether on an exclusive or nonexclusive basis, of any intellectual property for such term and on such conditions and in such manner as the Lender in its sole judgment determines (taking into account such provisions as may be necessary to protect and preserve such intellectual property);
- (i) instruction or order to any issuer or securities intermediary pursuant to any control the Lender has over the Collateral;
- (j) instruction to any bank to transfer all moneys constituting Collateral held by such bank to an account maintained with or by the Lender;
- (k) appointment by instrument in writing of a receiver (which term as used in this Agreement includes a receiver and manager) or agent of all or any part of the Collateral and removal or replacement from time to time of any receiver or agent;
- (l) institution of proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Collateral;
- (m) institution of proceedings in any court of competent jurisdiction for sale or foreclosure of all or any part of the Collateral;
- (n) filing of proofs of claim and other documents to establish claims to the Collateral in any proceeding relating to the Obligor; and
- (o) any other remedy or proceeding authorized or permitted under the PPSA or otherwise by law or equity.

Section 12 Additional Rights.

In addition to the remedies set forth in Section 11 and elsewhere in this Agreement, the Lender may, whenever the Security Interest is enforceable:

- (a) require the Obligor, at the Obligor's expense, to assemble the Collateral at a place or places designated by notice in writing and the Obligor agrees to so assemble the Collateral immediately upon receipt of such notice;
- (b) require the Obligor, by notice in writing, to disclose to the Lender the location or locations of the Collateral and the Obligor agrees to promptly make such disclosure when so required;
- (c) repair, process, modify, complete or otherwise deal with the Collateral and prepare for the disposition of the Collateral, whether on the premises of the Obligor or otherwise;
- (d) redeem any prior security interest against any Collateral, procure the transfer of such security interest to itself, or settle and pass the accounts of the prior mortgagee, chargee or encumbrancer (any accounts to be conclusive and binding on the Obligor);
- (e) pay any liability secured by any encumbrance against any Collateral (the Obligor will immediately on demand reimburse the Lender for all such payments);
- (f) carry on all or any part of the business of the Obligor and, to the exclusion of all others including the Obligor, enter upon, occupy and use all or any of the premises, buildings, and other property of or used by the Obligor for such time as the Lender sees fit, free of charge, and the Lender shall not be liable to the Obligor for any act, omission or negligence in so doing or for any rent, charges, depreciation or damages incurred in connection with or resulting from such action;
- (g) borrow for the purpose of carrying on the business of the Obligor or for the maintenance, preservation or protection of the Collateral and grant a security interest in the Collateral, whether or not in priority to the Security Interest, to secure repayment;
- (h) commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give good and valid receipts and discharges in respect of the Collateral and compromise or give time for the payment or performance of all or any part of the accounts or any other obligation of any third party to the Obligor; and
- (i) at any public sale, and to the extent permitted by law on any private sale, bid for and purchase any or all of the Collateral offered for sale, including, for greater certainty, by credit bidding its debt, and upon compliance with the

terms of such sale, hold, retain and dispose of such Collateral without any further accountability to the Obligor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Lender, the Lender may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Secured Obligations then due and payable to it as a credit against the purchase price.

Section 13 Exercise of Remedies.

The remedies under Section 11 and Section 12 may be exercised from time to time separately or in combination and are in addition to, and not in substitution for, any other rights of the Lender however arising or created. The Lender is not bound to exercise any right or remedy, and the exercise of rights and remedies is without prejudice to the rights of the Lender in respect of the Secured Obligations including the right to claim for any deficiency.

Section 14 Receiver's Powers.

- (1) Any receiver appointed by the Lender shall be vested with the rights and remedies which could have been exercised by the Lender in respect of the Obligor or the Collateral and such other powers and discretions as are granted in the instrument of appointment and any supplemental instruments. The identity of the receiver, its replacement and its remuneration shall be within the sole and unfettered discretion of the Lender.
- (2) Any receiver appointed by the Lender shall act as agent for the Lender for the purposes of taking possession of the Collateral, but otherwise and for all other purposes (except as provided below), as agent for the Obligor. The receiver may sell, lease, or otherwise dispose of Collateral as agent for the Obligor or as agent for the Lender as the Lender may determine in its discretion. The Obligor agrees to ratify and confirm all actions of the receiver acting as agent for the Obligor, and to release and indemnify the receiver in respect of all such actions.
- (3) The Lender, in appointing or refraining from appointing any receiver, shall not incur liability to the receiver, the Obligor or otherwise and shall not be responsible for any misconduct or negligence of the receiver.

Section 15 Appointment of Attorney.

The Obligor hereby irrevocably constitutes and appoints the Lender (and any officer of the Lender) the true and lawful attorney of the Obligor. As the attorney of the Obligor, the Lender has the power to exercise for and in the name of the Obligor with full power of substitution, whenever the Security Interest is enforceable, any of the Obligor's right (including the right of disposal), title and interest in and to the Collateral including the execution, endorsement, delivery and transfer of the Collateral to the Lender, its nominees or transferees, and the Lender and its nominees or transferees are hereby empowered to exercise all rights and powers and to perform all acts of ownership with respect to the Collateral to the same extent as the Obligor might do. This power of attorney is irrevocable, is coupled with an interest, has been given for valuable consideration (the receipt and

adequacy of which is acknowledged) and survives, and does not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Obligor. This power of attorney extends to and is binding upon the Obligor's successors and permitted assigns.

Section 16 Dealing with the Collateral.

- (1) The Lender shall not be obliged to exhaust its recourse against the Obligor or any other Person or against any other security it may hold in respect of the Secured Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Lender may consider desirable.
- (2) The Lender may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Obligor and with other Persons, sureties or securities as it may see fit without prejudice to the Secured Obligations, the liability of the Obligor or the rights of the Lender in respect of the Collateral.
- (3) Except as otherwise provided by law or this Agreement, the Lender shall not be (i) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral, (ii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of any Persons in respect of the Collateral, (iii) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal with the Collateral, or (iv) bound to protect the Collateral from depreciating in value or becoming worthless.

Section 17 Standards of Sale.

Without prejudice to the ability of the Lender to dispose of the Collateral in any manner which is commercially reasonable, the Obligor acknowledges that:

- (a) the Collateral may be disposed of in whole or in part;
- (b) the Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (c) any assignee of such Collateral may be the Lender or a customer of the Lender;
- (d) any sale conducted by the Lender will be at such time and place, on such notice and in accordance with such procedures as the Lender, in its sole discretion, may deem advantageous;
- (e) the Collateral may be disposed of in any manner and on any terms necessary to avoid violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that the prospective bidders and purchasers have certain qualifications, and restrict the prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account

for investment and not with a view to the distribution or resale of the Collateral) or in order to obtain any required approval of the disposition (or of the resulting purchase) by any governmental or regulatory authority or official;

- (f) a disposition of Collateral may be on such terms and conditions as to credit or otherwise as the Lender, in its sole discretion, may deem advantageous; and
- (g) the Lender may establish an upset or reserve bid or price in respect of the Collateral.

Section 18 Dealings by Third Parties.

- (1) No Person dealing with the Lender or an agent or receiver shall be required to determine (i) whether the Security Interest has become enforceable, (ii) whether the powers which such Person is purporting to exercise have become exercisable, (iii) whether any money remains due to the Lender by the Obligor, (iv) the necessity or expediency of the stipulations and conditions subject to which any sale or lease is made, (v) the propriety or regularity of any sale or other dealing by the Lender with the Collateral, or (vi) how any money paid to the Lender has been applied.
- (2) Any *bona fide* purchaser of all or any part of the Collateral from the Lender or any receiver or agent shall hold the Collateral absolutely, free from any claim or right of whatever kind, including any equity of redemption, of the Obligor, which it specifically waives (to the fullest extent permitted by law) as against any such purchaser together with all rights of redemption, stay or appraisal which the Obligor has or may have under any rule of law or statute now existing or hereafter adopted.

Section 19 Representations, Warranties, and Covenants.

The Obligor represents, warrants, covenants, and agrees, acknowledging and confirming that the Lender is relying on such representations, warranties, covenants and agreements, that:

- (1) **Execution, Delivery, Enforceability.** Each of the Note and this Agreement has been duly authorized, executed and delivered by the Obligor and constitutes a legal, valid and binding obligation of the Obligor enforceable against it in accordance with its terms.
- (2) **Continuous Perfection.** Schedule "A" sets out the Obligor's (i) place of business or, if more than one, chief executive office, (ii) registered office, (iii) jurisdiction of organization, and (iv) locations of Collateral. The Obligor will not change the location of its place of business or chief executive office, as the case may be, registered office or jurisdiction of organization without providing at least thirty (30) days prior written notice to the Lender. The Collateral, subject to dispositions of Collateral as permitted by the Lender in writing, is kept and will be kept at those locations listed on Schedule "A", and the Obligor will not remove the Collateral from such locations, without providing at least thirty (30) days prior written notice

to the Lender. The Obligor will not change its name in any manner without providing at least thirty (30) days prior written notice to the Lender.

Section 20 General.

- (1) All notices and other communications provided for herein shall be in writing and shall be sent by personal delivery or courier service, mailed by certified or registered mail, or sent by electronic mail addressed:

- (a) to the Obligor at:

4300 East Fifth Ave.
Columbus, Ohio 43219

Attention: Randy Whitaker

E-mail: RWhitaker@greengrowthbrands.com

- (b) to the Lender at:

4300 East Fifth Ave.
Columbus, Ohio 43219

Attention: Ben Kraner

Telephone: 614-449-4251

E-mail: ben.kraner@spgroup.com

-with a copy to-

Attention: Tod Friedman

E-mail: tod.friedman@spgroup.com

- (2) The Security Interest shall be discharged upon, but only upon, full and indefeasible payment and performance of the Secured Obligations. Upon discharge of the Security Interest and at the request and expense of the Obligor, the Lender shall execute and deliver to the Obligor such releases, discharges, financing statements and other documents or instruments as the Obligor may reasonably require and the Lender will redeliver to the Obligor, or as the Obligor may otherwise direct the Lender, any Collateral in its possession.
- (3) This Agreement does not operate by way of merger of any of the Secured Obligations and no judgment recovered by the Lender will operate by way of merger of, or in any way affect, the Security Interest, which is in addition to, and not in substitution for, any other security now or hereafter held by the Lender in respect of the Secured Obligations.

- (4) The Obligor will do all acts and things and execute and deliver, or cause to be executed and delivered, all agreements, documents and instruments that the Lender may require and take all further steps relating to the Collateral or any other property or assets of the Obligor that the Lender may require for (i) protecting the Collateral, (ii) perfecting, preserving and protecting the Security Interest, and (iii) exercising all powers, authorities and discretions conferred upon the Lender. After the Security Interest becomes enforceable, the Obligor will do all acts and things and execute and deliver all documents and instruments that the Lender may require for facilitating the sale or other disposition of the Collateral in connection with its realization.
- (5) This Agreement is in addition to, without prejudice to and supplemental to all other security now held or which may hereafter be held by the Lender.
- (6) This Agreement shall be binding on the Obligor, its successors and assigns, and enures to the benefit of the Lender and its successors and assigns. This Agreement may be assigned by the Lender, upon notice to the Obligor, to such Person as the Lender may determine and, in such event, such Person will be entitled to all of the rights and remedies of the Lender as set forth in this Agreement or otherwise. In any action brought by an assignee to enforce any such right, the Obligor shall not assert against the assignee any claim or defence which the Obligor has or may have against the Lender. The Obligor may not assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Lender which may be unreasonably withheld.
- (7) The Obligor acknowledges and agrees that in the event it amalgamates with any other corporation or corporations, it is the intention of the parties that the Security Interest (i) extends to: (A) all of the property and undertaking that any of the amalgamating corporations then owns, (B) all of the property and undertaking that the amalgamated corporation thereafter acquires, (C) all of the property and undertaking in which any of the amalgamating corporations then has any interest and (D) all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest; and (ii) secures the payment and performance of all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by each of the amalgamating corporations and the amalgamated corporation to the Lender in any currency, under, in connection with or pursuant to the Loan Documents to which any of the amalgamating corporations or the amalgamated corporation is a party, and whether incurred alone or jointly with another or others and whether as principal, guarantor or surety and whether incurred prior to, at the time of or subsequent to the amalgamation. The Security Interest attaches to the additional collateral at the time of amalgamation and to any collateral thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired. Upon any such amalgamation, the defined term "**Obligor**" means, collectively, each of the amalgamating corporations and the amalgamated corporation, the defined term "**Collateral**" means all of the property and undertaking and interests described in (i)

above, and the defined term “**Secured Obligations**” means the obligations described in (ii) above.

- (8) If any court of competent jurisdiction determines any provision of this Agreement to be illegal, invalid or unenforceable, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.
- (9) This Agreement may only be amended, supplemented or otherwise modified by written agreement executed by the Lender and the Obligor.
- (10) No consent or waiver by the Lender in respect of this Agreement is binding unless made in writing and signed by an authorized officer of the Lender. Any consent or waiver given under this Agreement is effective only in the specific instance and for the specific purpose for which given. No waiver of any of the provisions of this Agreement constitutes a waiver of any other provision. A failure or delay on the part of the Lender in exercising a right under this Agreement does not operate as a waiver of, or impair, any right of the Lender however arising. A single or partial exercise of a right on the part of the Lender does not preclude any other or further exercise of that right or the exercise of any other right by the Lender.
- (11) This Agreement will be governed by, interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

[Signature page follows]

IN WITNESS WHEREOF the Obligor has executed this Agreement.

GREEN GROWTH BRANDS INC.

By: *Raymond C. Whitaker III*

Name: Randy Whitaker

Title: Authorized Signing Officer

SCHEDULE "A"

RELEVANT JURISDICTIONS

(1) Chief Executive Office:

4300 5th Avenue, Columbus, Ohio 43219

(2) Registered Office:

Suite 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario M5L 1B9

(3) Jurisdiction of Organization

Province of Ontario

(4) Locations of Collateral

Province of Ontario

**eversign**

Audit Trail

Document Details

Title	Loan Doc Signatures
File Name	GGB – Signature Package 2020-05-05 14_36_10.pdf
Document ID	359fbb86bad048108ed39cf211a35804
Fingerprint	d773c34cea01caaf8b9f9b488aeea5e3
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Document History

Document Created	Document Created Fingerprint: d773c34cea01caaf8b9f9b488aeea5e3	May 05 2020 02:38PM UTC
Document Sent	Document Sent to Randy Whitaker (rwhitaker@GreenGrowthBrands.com)	May 05 2020 02:38PM UTC
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Document Signed	Document Signed by Randy Whitaker (rwhitaker@GreenGrowthBrands.com) IP: 70.176.1.99	May 05 2020 02:40PM UTC
Document Completed	This document has been completed. Fingerprint: 622e45824594840e3c3a22bb5899443c	May 05 2020 02:40PM UTC

Exhibit N

EXHIBIT "N"

referred to in the Affidavit of

RAYMOND C. WHITAKER III

Sworn May 19, 2020

DocuSigned by:

Sanja Sopic

E820930A2731482...

Commissioner for Taking Affidavits

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE DECEMBER 1, 2019.

THIS NOTE AND THE UNDERLYING SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"). THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO SUCH SECURITIES UNDER THE ACT OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

CONVERTIBLE SECURED NOTE

DUE JULY 31, 2020

US \$5,800,000.00

Date of Issuance: July 31, 2019

FOR VALUE RECEIVED, Green Growth Brands Inc., a corporation incorporated and existing under the *Business Corporations Act* (Ontario) (the "**Company**"), hereby unconditionally promises to pay to the order of Stanley W. Harris, a Florida resident, in his capacity as representative of the sellers under the Share Purchase Agreement (the "**Holder**"), or his permitted transferees or assigns, the aggregate principal sum of Five Million Eight Hundred Thousand Dollars (\$5,800,000.00) (the "**Principal Amount**"). Except as expressly provided herein, all payments of principal and accrued interest by the Company under this Convertible Note (this "**Note**") shall be made in United States dollars in immediately available funds to the account specified by the Holder. Except as otherwise provided herein, this Note shall accrue interest at a rate of fifteen percent (15%), simple interest, per annum.

1. Definitions. Unless the context otherwise requires, when used herein the following terms shall have the meanings indicated:

(a) "**Affiliate**" means, with respect to any person or entity, any person or entity which directly or indirectly controls, is controlled by or is under common control with such person or entity, as applicable. As used in this definition, "control" (including, with correlative meanings, "controlled by" and "under common control with") shall mean possession, directly or indirectly of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

(b) "**Change of Control**" means (i) the sale by the Company of all or substantially all of the assets of the Company, or (ii) the sale, transfer, merger or other disposition of fifty percent (50%) or more of the outstanding voting shares of the Company in a single transaction or a series of related transactions.

(c) "**Company Shares**" means the Company's common shares.

(d) "**Conversion Price**" means the price per share of the Company Shares equal to 2.28 CAD.

- (e) "CSE" means the Canadian Securities Exchange or similar exchange.
- (f) "Maturity Date" means the earlier of July 31, 2020 or a Change of Control.
- (g) "Outstanding Balance" means all outstanding principal and accrued interest under the Note.
- (h) "Person" means an individual, corporation, partnership, limited partnership, limited liability company, trust, business trust, association, joint stock company, joint venture, sole proprietorship, unincorporated organization, governmental authority or any other form of entity not specifically listed herein.
- (i) "Share Purchase Agreement" means that certain Share Purchase Agreement dated as of June 3, 2019, by and among the Company, Holder, and the other parties set forth therein, as amended.

2. Transfer. This Note is transferable and assignable by the Holder to any Person previously approved, in writing, by the Company; *provided, however*, that no approval shall be required in connection with any transfer or assignment of this Note to an Affiliate of the Holder in compliance with applicable securities laws. The Company agrees to issue from time to time a replacement Note in the form hereof to facilitate such approved transfers and assignments. In addition, after delivery of an indemnity in form and substance reasonably satisfactory to the Company, the Company also agrees to promptly issue a replacement Note if this Note is lost, stolen, mutilated or destroyed.

3. Conversion.

(a) Maturity. On the Maturity Date, the Holder, in its sole option, may elect to (i) have the Outstanding Balance repaid by the Company in cash; or (ii) subject to the share issuance restrictions set forth in Section 3(g), convert such Outstanding Balance into Company Shares at the Conversion Price.

(b) Pay-off upon Conversion. If the Outstanding Balance is converted in full pursuant to Section 3(a) above, then such Outstanding Balance shall be deemed to have been paid in full by the Company on the date of such conversion.

(c) Conversion Mechanics. In connection with conversion of the Note pursuant to Section 3(a) above, the Holder shall surrender the Note, duly endorsed without recourse, representation or warranty, at the principal office of the Company. At its expense, the Company shall, as soon as practicable thereafter, cause to be issued and delivered to the Holder at such address set forth on the books and records of the Company or at such other place as may be designated by the Holder in writing to the Company a certificate or certificates for the Company Shares (bearing such legends as may be required), together with a check payable to the Holder for any cash amounts payable as described in subsection (e) below.

(d) Legends. Any certificate representing the Company Shares issued in accordance with the terms of this Note will bear the following legends:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF GREEN GROWTH BRANDS INC. (THE “CORPORATION”), THAT THESE SECURITIES 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 UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE CANADIAN LOCAL LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH (1) RULE 144A UNDER THE U.S. SECURITIES ACT, IF APPLICABLE, OR (2) RULE 144 UNDER THE U.S. SECURITIES ACT, IF APPLICABLE, 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)(2) OR (D) ABOVE, A LEGAL OPINION SATISFACTORY TO THE CORPORATION MUST FIRST BE PROVIDED. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.”

Subject to applicable securities laws, any certificate representing the Company Shares issued in accordance with this Note prior to the date which is four months and one day after the Date of Issuance hereof will bear the following legends:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE DECEMBER 1, 2019.”

(e) No Fractional Shares. No fractional Company Shares shall be issued upon conversion of this Note. In lieu of the Company issuing any fractional Company Shares to the Holder upon the conversion of this Note, the Company shall pay to the Holder an amount in cash equal to the product obtained by multiplying the Conversion Price applied to effect such conversion by the fraction of a Company Share not issued pursuant to the previous sentence. Upon conversion of this Note in full and the payment of the amounts specified in this Note, the Company shall be released from all of its obligations and liabilities under this Note.

(f) Payment Process. All payments to be made by the Company shall be made without set-off, recoupment or counterclaim and free and clear of and without any deduction of any kind for any taxes, levies, fees, deductions, withholdings, restrictions or conditions of any nature.

(g) Share Issuance Restriction. The Company’s ability to issue any Company Shares to satisfy the Outstanding Balance shall be subject to the following restrictions:

(i) The Company Shares will not be subject to any resale restrictions under applicable Canadian securities law, provided that at the time of any trade by the Holder:

3.g.i.1. Such trade is not a “control distribution” (as such term is defined in National Instrument 45-102 *Resale of Securities* (“NI 45-102”));

3.g.i.2. No unusual effort is made by the Holder to prepare the market or to create a demand for the Company Shares; and

3.g.i.3. No extraordinary commission or consideration is paid to a person or company in respect of the trade.

4. Representations and Warranties of the Holder. In connection with the transactions contemplated by this Note, the Holder represents and warrants to the Company, as of the Date of Issuance and the Maturity Date, as follows:

(a) The Holder acknowledges that this Note is made with the Holder in reliance upon the Holder's representation to the Company, which the Holder hereby confirms by executing this Note, that this Note and the Company Shares, if acquired, will be acquired for investment for the Holder's own account, not as a nominee or agent (unless otherwise specified on the Holder's signature page hereto), and not with a view to the resale or distribution of any part thereof, and that the Holder has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Note, the Holder further represents that the Holder does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to the Company Shares.

(b) The Holder acknowledges that it has received all the information it considers necessary or appropriate to enable it to make an informed decision concerning an investment in the Company Shares. The Holder further represents that it has had an opportunity to ask questions and receive answers from the Company regarding the Company, its business, and the Company Shares. The Holder confirms that the Company has not given any guarantee or representation as to the potential success, return, effect or benefit (either legal, regulatory, tax, financial, accounting or otherwise) of an investment in the Company Shares. In deciding to purchase the Company Shares, if applicable, the Holder is not relying on the advice or recommendations of the Company and has made its own independent decision that the investment in the Company Shares is suitable and appropriate for the Holder. The Holder understands that no federal, provincial or state agency, in any domestic or foreign jurisdiction, has passed upon the merits or risks of an investment in the Company Shares or made any finding or determination concerning the fairness or advisability of such investment.

(c) The Holder is able to fend for itself, can bear the economic risk of its investment and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Company Shares.

(d) The Holder is an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated under the Securities Act and section 2.3 of National Instrument 45-106 – *Registration Exemptions*. The Holder agrees to furnish any additional information requested by the Company or any of its affiliates to assure compliance with Canadian securities laws and applicable U.S. federal and state securities laws in connection with the Company Shares.

(e) The Holder understands that this Note and the Company Shares have not been, and will not be, registered or qualified under applicable securities law, by reason of specific exemptions from the registration or qualification provisions thereof which depend upon, among other things, the bona fide nature of the investment intent and the accuracy of the Holder's representations as expressed herein. The Holder understands that the Company Shares are "restricted securities" under U.S. federal and applicable state securities laws and that, pursuant to these laws, the Holder must hold the Company Shares indefinitely unless they are registered in accordance with all applicable law, or an exemption from such registration and qualification requirements is available. The Holder acknowledges that the Company has no obligation to register or qualify this Note or the Company Shares for resale or to file for or comply with any exemption from registration or prospectus requirements and further acknowledges that, if an exemption from registration or qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for this Note or the Company Shares, and on requirements relating to the Company which are outside of the Holder's control, and which the Company is under no obligation, and may not be able, to satisfy.

(f) The Holder resides in the state or province identified in the address shown on the Holder's signature page hereto.

5. Reorganization, Recapitalization, Merger. If there occurs any reorganization, recapitalization, reclassification, amalgamation, merger, or statutory conversion to another form of business entity involving the Company in which the Company Shares are converted into or exchanged for other securities, then Holder will receive upon conversion of this Note, in lieu of the Company Shares, for the Conversion Price, the kind and amount of other securities receivable upon such reorganization, recapitalization, reclassification, amalgamation, merger, or statutory conversion to another form of business entity, by the holders of the Company Shares.

6. Event of Default.

The occurrence of any of the following events shall constitute an "**Event of Default**" hereunder:

(a) the failure of the Company to make any payment of principal on this Note when due, whether at maturity, upon acceleration or otherwise;

(b) (i) the Company makes a determination to discontinue (or does cease to conduct) business, makes an assignment for the benefit of creditors or admits in writing its inability to pay its debts generally as they become due; (ii) an order, judgment or decree is entered adjudicating the Company as bankrupt or insolvent; (iii) any order for relief with respect to the Company is entered under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other applicable bankruptcy or insolvency law; (iv) the Company petitions or applies to any tribunal for the appointment of a custodian, trustee, receiver or liquidator of the Company or of any substantial part of the assets of the Company commences any proceeding relating to it under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or

liquidation law of any jurisdiction; or (v) any such petition or application in (iv) above is filed, or any such proceeding is commenced, against the Company and either (x) the Company by any act indicates its approval thereof, consents thereto or acquiesces therein or (y) such petition, application or proceeding is not dismissed within sixty (60) days;

(c) unless waived by the Holder, if the Company fails to observe or perform in any material respect any of its covenants contained in the Note and such failure continues for more than thirty (30) days after delivery of written notice thereof;

(d) unless waived by the Holder, the Company's material breach of any other term or provision in this Note and such failure continues for more than thirty (30) days after delivery of written notice thereof; or

(e) the Company's indebtedness for borrowed money is accelerated as a result of a default or breach under any agreement for such borrowed money, including but not limited to loan agreements, or material breach under any real property lease agreements and material capital equipment lease agreements, by which the Company is bound or obligated, which breach is not cured by the Company within the applicable time periods thereof.

Upon the occurrence of any Event of Default, the Outstanding Balance under this Note shall become immediately due and payable upon election of the Holder. Following the occurrence of any Event of Default, any Outstanding Balance shall bear interest from the date of such Event of Default until paid in full at the highest rate of interest allowed under the laws of the State of Florida.

7. Security. This Note is secured by that certain Security Agreement, of even date herewith, between the Company and Representative.

8. Amendments in Writing. Any term of this Note may be amended, modified (including, without limitation, any extension of the Maturity Date, to change the Conversion Price or to cause the Note to be pre-payable) or waived upon the written consent of the Company and the Holder. No such waiver or consent in any one instance shall be construed to be a continuing waiver or a waiver in any other instance unless it expressly so provides.

9. No Rights as a Shareholder. This Note does not by itself entitle the Holder to any voting rights or other rights as a shareholder of the Company. In the absence of conversion of this Note, no provisions of this Note, and no enumeration herein of the rights or privileges of the Holder, shall cause the Holder to be a shareholder of the Company for any purpose.

10. Waivers. The Company hereby forever waives presentment, demand, presentment for payment, protest, notice of protest, notice of dishonor of this Note and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Note, which waiver shall be binding upon any and all of the Company's successors and assigns under this Note.

11. Governing Law. This Note, and all matters arising directly and indirectly herefrom, shall be governed in all respects by the laws of the State of Florida as such laws are applied to agreements between parties in the State of Florida. In the event of any legal or equitable action arising under this

Note, jurisdiction and venue of such action shall lie exclusively within the state courts of Florida, located in Orange County, Florida, or in the United States District Court for the Middle District of Florida, Middle Division, and the parties hereto specifically waive any other jurisdiction and venue.

12. Notices. All notices and other communications given or made pursuant to this Note shall be in writing and shall be deemed effectively given (a) upon personal delivery to the party to be notified; (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day; (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the Holder at the address set forth on the books and records of the Company or at such other place as may be designated by the Holder in writing to the Company in accordance with the provisions of this Section 13, and to the Company at the Company's principal place of business, or to such e-mail address, facsimile number or address as subsequently modified by written notice in accordance with the provisions of this Section 12.

13. Successors and Assigns. This note shall be binding upon the successors or assigns of the Company and shall inure to the benefit of the successors and permitted assigns of the Holder.

14. Remedies. The rights, remedies and benefits herein specified are cumulative and not exclusive of any rights, remedies or benefits which the Holder hereof otherwise may have.

15. Attorney Fees. The Company agrees to pay all costs of collection, including reasonable attorney fees, paralegal fees, law clerk fees and other legal costs and expenses, in the event any Outstanding Balance is not paid when due, whether suit be brought or not, and whether through courts of original jurisdiction, courts of appellate jurisdiction or through a bankruptcy court or other legal proceedings.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Note as of the date first above written.

COMPANY:

GREEN GROWTH BRANDS INC.

By: Peter Horvath

Name: Peter Horvath

Title: Chief Executive Officer

Address:

77 King Street West

Suite 2905

Toronto, ON. M5K 1A2

HOLDER:

Stanley W. Harris

Stanley W. Harris

Address:

17323 Lake ST
UMATILLA, FL 32284

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE DECEMBER 1, 2019.

THIS NOTE AND THE UNDERLYING SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"). THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO SUCH SECURITIES UNDER THE ACT OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

CONVERTIBLE SECURED NOTE

DUE JULY 31, 2021

US \$11,400,000.00

Date of Issuance: July 31, 2019

FOR VALUE RECEIVED, Green Growth Brands Inc., a corporation incorporated and existing under the *Business Corporations Act* (Ontario) (the "**Company**"), hereby unconditionally promises to pay to the order of Stanley W. Harris, a Florida resident, in his capacity as representative of the sellers under the Share Purchase Agreement (the "**Holder**"), or his permitted transferees or assigns, the aggregate principal sum of Eleven Million Four Hundred Thousand Dollars (\$11,400,000.00) (the "**Principal Amount**"). Except as expressly provided herein, all payments of principal and accrued interest by the Company under this Convertible Note (this "**Note**") shall be made in United States dollars in immediately available funds to the account specified by the Holder. Except as otherwise provided herein, this Note shall accrue interest at a rate of fifteen percent (15%), simple interest, per annum. Unless the Maturity Date shall have first occurred, on the first anniversary of the Date of Issuance, the Company shall pay to Holder, in cash, all accrued interest under this Note as of such date. All other accrued interest under this Note shall be due and payable on the Maturity Date in accordance with provisions of this Note.

1. Definitions. Unless the context otherwise requires, when used herein the following terms shall have the meanings indicated:

(a) "**Affiliate**" means, with respect to any person or entity, any person or entity which directly or indirectly controls, is controlled by or is under common control with such person or entity, as applicable. As used in this definition, "control" (including, with correlative meanings, "controlled by" and "under common control with") shall mean possession, directly or indirectly of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

(b) "**Change of Control**" means (i) the sale by the Company of all or substantially all of the assets of the Company, or (ii) the sale, transfer, merger or other disposition of fifty percent (50%) or more of the outstanding voting shares of the Company in a single transaction or a series of related transactions.

- (c) **"Company Shares"** means the Company's common shares.
- (d) **"Conversion Price"** means the price per share of the Company Share equal to 3.16 CAD.
- (e) **"CSE"** means the Canadian Securities Exchange or similar exchange.
- (f) **"Maturity Date"** means the earlier of July 31, 2021 or a Change of Control.
- (g) **"Outstanding Balance"** means all outstanding principal and accrued interest under the Note.

(h) **"Person"** means an individual, corporation, partnership, limited partnership, limited liability company, trust, business trust, association, joint stock company, joint venture, sole proprietorship, unincorporated organization, governmental authority or any other form of entity not specifically listed herein.

(i) **"Share Purchase Agreement"** means that certain Share Purchase Agreement dated as of June 3, 2019, by and among the Company, Holder, and the other parties set forth therein.

2. Transfer. This Note is transferable and assignable by the Holder to any Person previously approved, in writing, by the Company; *provided, however*, that no approval shall be required in connection with any transfer or assignment of this Note to an Affiliate of the Holder in compliance with applicable securities laws. The Company agrees to issue from time to time a replacement Note in the form hereof to facilitate such approved transfers and assignments. In addition, after delivery of an indemnity in form and substance reasonably satisfactory to the Company, the Company also agrees to promptly issue a replacement Note if this Note is lost, stolen, mutilated or destroyed.

3. Conversion.

(a) Maturity. On the Maturity Date, the Holder, in its sole option, may elect to (i) have the Outstanding Balance repaid by the Company in cash; or (ii) subject to the share issuance restrictions set forth in Section 3(g), convert such Outstanding Balance into Company Shares at the Conversion Price.

(b) Pay-off upon Conversion. If the Outstanding Balance is converted in full pursuant to Section 3(a) above, then such Outstanding Balance shall be deemed to have been paid in full by the Company on the date of such conversion.

(c) Conversion Mechanics. In connection with conversion of the Note pursuant to Section 3(a) above, the Holder shall surrender the Note, duly endorsed without recourse, representation or warranty, at the principal office of the Company. At its expense, the Company shall, as soon as practicable thereafter, cause to be issued and delivered to the Holder at such address set forth on the books and records of the Company or at such other place as may be designated by the Holder in writing to the Company a certificate or certificates for the Company Shares (bearing such legends as may be required), together with a check payable to the Holder for any cash amounts payable as described in subsection (e) below.

(d) Legends. Any certificate representing the Company Shares issued in accordance with the terms of this Note will bear the following legends:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF GREEN GROWTH BRANDS INC. (THE “CORPORATION”), THAT THESE SECURITIES 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 UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE CANADIAN LOCAL LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH (1) RULE 144A UNDER THE U.S. SECURITIES ACT, IF APPLICABLE, OR (2) RULE 144 UNDER THE U.S. SECURITIES ACT, IF APPLICABLE, 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)(2) OR (D) ABOVE, A LEGAL OPINION SATISFACTORY TO THE CORPORATION MUST FIRST BE PROVIDED. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.”

Subject to applicable securities laws, any certificate representing the Company Shares issued in accordance with this Note prior to the date which is four months and one day after the Date of Issuance hereof will bear the following legends:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE DECEMBER 1, 2019.”

(e) No Fractional Shares. No fractional Company Shares shall be issued upon conversion of this Note. In lieu of the Company issuing any fractional Company Shares to the Holder upon the conversion of this Note, the Company shall pay to the Holder an amount in cash equal to the product obtained by multiplying the Conversion Price applied to effect such conversion by the fraction of a Company Share not issued pursuant to the previous sentence. Upon conversion of this Note in full and the payment of the amounts specified in this Note, the Company shall be released from all of its obligations and liabilities under this Note.

(f) Payment Process. All payments to be made by the Company shall be made without set-off, recoupment or counterclaim and free and clear of and without any deduction of any kind for any taxes, levies, fees, deductions, withholdings, restrictions or conditions of any nature.

(g) Share Issuance Restriction. The Company’s ability to issue any Company Shares to satisfy the Outstanding Balance shall be subject to the following restrictions:

(i) The Company Shares will not be subject to any resale restrictions under applicable Canadian securities law, provided that at the time of any trade by the Holder:

3.g.i.1. Such trade is not a “control distribution” (as such term is defined in National Instrument 45-102 *Resale of Securities* (“NI 45-102”));

3.g.i.2. No unusual effort is made by the Holder to prepare the market or to create a demand for the Company Shares; and

3.g.i.3. No extraordinary commission or consideration is paid to a person or company in respect of the trade.

4. Representations and Warranties of the Holder. In connection with the transactions contemplated by this Note, the Holder represents and warrants to the Company, as of the Date of Issuance and the Maturity Date, as follows:

(a) The Holder acknowledges that this Note is made with the Holder in reliance upon the Holder's representation to the Company, which the Holder hereby confirms by executing this Note, that this Note and the Company Shares, if acquired, will be acquired for investment for the Holder's own account, not as a nominee or agent (unless otherwise specified on the Holder's signature page hereto), and not with a view to the resale or distribution of any part thereof, and that the Holder has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Note, the Holder further represents that the Holder does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to the Company Shares.

(b) The Holder acknowledges that it has received all the information it considers necessary or appropriate to enable it to make an informed decision concerning an investment in the Company Shares. The Holder further represents that it has had an opportunity to ask questions and receive answers from the Company regarding the Company, its business, and the Company Shares. The Holder confirms that the Company has not given any guarantee or representation as to the potential success, return, effect or benefit (either legal, regulatory, tax, financial, accounting or otherwise) of an investment in the Company Shares. In deciding to purchase the Company Shares, if applicable, the Holder is not relying on the advice or recommendations of the Company and has made its own independent decision that the investment in the Company Shares is suitable and appropriate for the Holder. The Holder understands that no federal, provincial or state agency, in any domestic or foreign jurisdiction, has passed upon the merits or risks of an investment in the Company Shares or made any finding or determination concerning the fairness or advisability of such investment.

(c) The Holder is able to fend for itself, can bear the economic risk of its investment and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Company Shares.

(d) The Holder is an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated under the Securities Act and section 2.3 of National Instrument 45-106 – *Registration*

Exemptions. The Holder agrees to furnish any additional information requested by the Company or any of its affiliates to assure compliance with Canadian securities laws and applicable U.S. federal and state securities laws in connection with the Company Shares.

(e) The Holder understands that this Note and the Company Shares have not been, and will not be, registered or qualified under applicable securities law, by reason of specific exemptions from the registration or qualification provisions thereof which depend upon, among other things, the bona fide nature of the investment intent and the accuracy of the Holder's representations as expressed herein. The Holder understands that the Company Shares are "restricted securities" under U.S. federal and applicable state securities laws and that, pursuant to these laws, the Holder must hold the Company Shares indefinitely unless they are registered in accordance with all applicable law, or an exemption from such registration and qualification requirements is available. The Holder acknowledges that the Company has no obligation to register or qualify this Note or the Company Shares for resale or to file for or comply with any exemption from registration or prospectus requirements and further acknowledges that, if an exemption from registration or qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for this Note or the Company Shares, and on requirements relating to the Company which are outside of the Holder's control, and which the Company is under no obligation, and may not be able, to satisfy.

(f) The Holder resides in the state or province identified in the address shown on the Holder's signature page hereto.

5. Reorganization, Recapitalization, Merger. If there occurs any reorganization, recapitalization, reclassification, amalgamation, merger, or statutory conversion to another form of business entity involving the Company in which the Company Shares are converted into or exchanged for other securities, then Holder will receive upon conversion of this Note, in lieu of the Company Shares, for the Conversion Price, the kind and amount of other securities receivable upon such reorganization, recapitalization, reclassification, amalgamation, merger, or statutory conversion to another form of business entity, by the holders of the Company Shares.

6. Event of Default.

The occurrence of any of the following events shall constitute an "**Event of Default**" hereunder:

(a) the failure of the Company to make any payment of principal on this Note when due, whether at maturity, upon acceleration or otherwise;

(b) (i) the Company makes a determination to discontinue (or does cease to conduct) business, makes an assignment for the benefit of creditors or admits in writing its inability to pay its debts generally as they become due; (ii) an order, judgment or decree is entered adjudicating the Company as bankrupt or insolvent; (iii) any order for relief with respect to the Company is entered under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other applicable bankruptcy or insolvency law; (iv) the Company petitions or applies

to any tribunal for the appointment of a custodian, trustee, receiver or liquidator of the Company or of any substantial part of the assets of the Company commences any proceeding relating to it under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction; or (v) any such petition or application in (iv) above is filed, or any such proceeding is commenced, against the Company and either (x) the Company by any act indicates its approval thereof, consents thereto or acquiesces therein or (y) such petition, application or proceeding is not dismissed within sixty (60) days;

(c) unless waived by the Holder, if the Company fails to observe or perform in any material respect any of its covenants contained in the Note and such failure continues for more than thirty (30) days after delivery of written notice thereof;

(d) unless waived by the Holder, the Company's material breach of any other term or provision in this Note and such failure continues for more than thirty (30) days after delivery of written notice thereof; or

(e) the Company's indebtedness for borrowed money is accelerated as a result of a default or breach under any agreement for such borrowed money, including but not limited to loan agreements, or material breach under any real property lease agreements and material capital equipment lease agreements, by which the Company is bound or obligated, which breach is not cured by the Company within the applicable time periods thereof.

Upon the occurrence of any Event of Default, the Outstanding Balance under this Note shall become immediately due and payable upon election of the Holder. Following the occurrence of any Event of Default, any Outstanding Balance shall bear interest from the date of such Event of Default until paid in full at the highest rate of interest allowed under the laws of the State of Florida.

7. Security. This Note is secured by that certain Security Agreement, of even date herewith, between the Company and Representative.

8. Amendments in Writing. Any term of this Note may be amended, modified (including, without limitation, any extension of the Maturity Date, to change the Conversion Price or to cause the Note to be pre-payable) or waived upon the written consent of the Company and the Holder. No such waiver or consent in any one instance shall be construed to be a continuing waiver or a waiver in any other instance unless it expressly so provides.

9. No Rights as a Shareholder. This Note does not by itself entitle the Holder to any voting rights or other rights as a shareholder of the Company. In the absence of conversion of this Note, no provisions of this Note, and no enumeration herein of the rights or privileges of the Holder, shall cause the Holder to be a shareholder of the Company for any purpose.

10. Waivers. The Company hereby forever waives presentment, demand, presentment for payment, protest, notice of protest, notice of dishonor of this Note and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Note, which waiver shall be binding upon any and all of the Company's successors and assigns under this Note.

11. Governing Law. This Note, and all matters arising directly and indirectly herefrom, shall be governed in all respects by the laws of the State of Florida as such laws are applied to agreements between parties in the State of Florida. In the event of any legal or equitable action arising under this Note, jurisdiction and venue of such action shall lie exclusively within the state courts of Florida, located in Orange County, Florida, or in the United States District Court for the Middle District of Florida, Middle Division, and the parties hereto specifically waive any other jurisdiction and venue.

12. Notices. All notices and other communications given or made pursuant to this Note shall be in writing and shall be deemed effectively given (a) upon personal delivery to the party to be notified; (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day; (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the Holder at the address set forth on the books and records of the Company or at such other place as may be designated by the Holder in writing to the Company in accordance with the provisions of this Section 13, and to the Company at the Company's principal place of business, or to such e-mail address, facsimile number or address as subsequently modified by written notice in accordance with the provisions of this Section 12.

13. Successors and Assigns. This note shall be binding upon the successors or assigns of the Company and shall inure to the benefit of the successors and permitted assigns of the Holder.

14. Remedies. The rights, remedies and benefits herein specified are cumulative and not exclusive of any rights, remedies or benefits which the Holder hereof otherwise may have.

15. Attorney Fees. The Company agrees to pay all costs of collection, including reasonable attorney fees, paralegal fees, law clerk fees and other legal costs and expenses, in the event any Outstanding Balance is not paid when due, whether suit be brought or not, and whether through courts of original jurisdiction, courts of appellate jurisdiction or through a bankruptcy court or other legal proceedings.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Note as of the date first above written.

COMPANY:

GREEN GROWTH BRANDS INC.

Peter Horvath

By: _____

Name: Peter Horvath

Title: Chief Executive Officer

Address:

77 King Street West

Suite 2905

Toronto, ON. M5K 1A2

HOLDER:

Stanley W. Harris

Stanley W. Harris

Address:

17323 LAKE ST
UMMATA, FL 32784

DOCUMENTARY STAMP TAXES IN THE AMOUNT OF \$2,450 WILL BE PAID TO THE FLORIDA DEPARTMENT OF REVENUE IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THIS NOTE.

SECURED PROMISSORY NOTE

Up to \$1,000,000

April 29, 2020

FOR VALUE RECEIVED, GREEN GROWTH BRANDS INC., a corporation incorporated and existing under the Business Corporations Act (Ontario) ("**GGB**"), SPRING OAKS GREENHOUSES, INC., a Florida corporation (the "**Spring Oaks**") and **GGB FLORIDA LLC**, a Delaware limited liability company ("**GGB FL**" and collectively with GGB and Spring Oaks, the "**Borrower**"), jointly and severally promise to pay to the order of **STANLEY W. HARRIS** ("**Lender**" and together with Borrower, the "**Parties**"), a Florida resident, as the representative of each seller under that certain Share Purchase Agreement dated as of June 3, 2019 by and among GGB, Lender, and the other parties set forth therein (the "**Purchase Agreement**"), in lawful money of the United States of America, the principal amount of ONE MILLION DOLLARS (\$1,000,000), or such other amount as has been advanced by Lender to Borrower hereunder (the "**Loan**"), together with all accrued interest thereon, as provided herein.

RECITALS

WHEREAS, in connection with the Purchase Agreement, pursuant to which GGB FL purchased the Purchased Shares (as defined in the Purchase Agreement) from sellers named therein, GGB issued in favor of the Lender: (i) that certain Convertible Secured Note, dated as of July 31, 2019, in the original principal amount of US \$11,400,000 ("**Promissory Note I**"), and (ii) that certain Convertible Secured Note, dated as of July 31, 2019, in the original principal amount of US \$5,800,000 ("**Promissory Note II**"; and together with the Promissory Note I, collectively, the "**Existing Notes**");

WHEREAS, as security for GGB's payment and performance of the obligations under the Existing Notes, GGB executed and delivered that certain Security Agreement, dated as of July 31, 2019, to and for the benefit of Lender;

WHEREAS, Lender is not willing to make the Loan or otherwise extend credit to Borrower, unless the Obligations (as such term is defined below) in respect of the Loan and all other Obligations are secured by certain assets of each Borrower and certain other parties as more fully set forth in the A&R Security Agreement (as such term is defined below); and

WHEREAS, accordingly, as collateral security for, inter alia, Borrowers' payment and performance of the Obligations, Borrower is executing and delivering that certain Amended and Restated Security Agreement to Lender simultaneously with the execution and delivery hereof (the "**A&R Security Agreement**").

NOW, THEREFORE, as an inducement to Lender to extend credit to Borrower as Lender may from time to time agree to extend under the Loan Documents, and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties hereby agree that the foregoing recitals are true and correct and incorporated herein and, further agree as follows:

1. Definitions. Capitalized terms used herein shall have the meanings set forth in this Section 1.

"A&R Security Agreement" has the meaning set forth above.

"Advance" or **"Advances"** has the meaning set forth in Section 2(a).

"Applicable Rate" means, at any time, fifteen percent (15%) per annum.

"Borrower" and **"Borrowers"** have the meanings set forth in the introductory paragraph.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in Miami, Florida are authorized or required by Law to close.

"Default Rate" means, at any time, the Applicable Rate plus three percent (3%) per annum.

"Effective Date" means April 29, 2020.

"Existing Notes" has the meaning set forth in the preamble.

"Event of Default" has the meaning set forth in Section 9.

"Future Advance" has the meaning set forth in Section 2(f).

"Guaranty" has the meaning set forth in the A&R Security Agreement.

"GGB" has the meaning set forth in the introductory paragraph.

"GGB FL" has the meaning set forth in the introductory paragraph.

"GGB Green" has the meaning set forth in the A&R Security Agreement.

"Indebtedness" means (without duplication), with respect to any Person, (a) all obligations or liabilities for borrowed money, including contingent obligations, including, without limitation, any guaranty for borrowed money; (b) all obligations represented by promissory notes, bonds, debentures or the like, or on which interest charges are customarily paid; (c) all liabilities secured by any Lien on property owned or acquired, whether or not such liability shall have been assumed or owing by such Person; provided that, if such liabilities have

not been assumed, and are not owing, by such Person, then the amount of Indebtedness of such Person for purposes of this clause (c) with respect to such liabilities shall be equal to the lesser of the amount of the liabilities of the holder of such liabilities and the fair market value of the assets of such Person which secure such liabilities; (d) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person; (e) all obligations of such Person issued or assumed as the deferred purchase price of property or services (excluding trade payables which are not less than ninety (90) days past the invoice date incurred in the ordinary course of business, but including the maximum potential amount payable under any earn-out or similar obligations); (f) all capitalized leases of such Person; (g) all obligations (contingent or otherwise) of such Person as an account party or applicant in respect of letters of credit and/or bankers' acceptances, or in respect of financial or other hedging obligations; (h) all equity interests issued by such Person subject to repurchase or redemption at any time on or prior to the Maturity Date, other than voluntary repurchases or redemptions that are at the sole option of such Person; and (i) all principal outstanding under any synthetic lease, off-balance sheet loan or similar financing product.

"Law" as to any Person, means any law (including common law), statute, ordinance, treaty, rule, regulation, policy or requirement of any governmental authority and authoritative interpretations thereon, whether now or hereafter in effect, in each case, applicable to or binding on such Person or any of its properties or to which such Person or any of its properties is subject.

"Lender" has the meaning set forth in the introductory paragraph, and its successors and assigns.

"Lender Expenses" are all costs and expenses (including reasonable attorneys' fees and expenses) for defending and enforcing the Loan Documents (including, without limitation, those incurred in connection with appeals or insolvency proceedings).

"Lien" means any mortgage, pledge, hypothecation, encumbrance, lien (statutory or other), charge or other security interest.

"Loan" has the meaning set forth in the introductory paragraph.

"Loan Documents" mean, collectively, this Note, the Existing Notes, the A&R Security Agreement, the Guaranty, any other note or notes executed by Borrower, GG Green, or any one or more of them, in favor of Lender, any financing statements reflecting Lender's security interest in the Collateral (as defined in the A&R Security Agreement), and any other present or future agreement between any Borrower and /or GGB Green on the one hand, and Lender, on the other hand, in connection with the foregoing, all as may from time to time be amended, restated, or otherwise modified.

"**Maturity Date**" means the earlier of (a) October 29, 2020, and (b) the date on which the Loan shall become due and payable pursuant to Section 10.

"**Maximum Availability**" has the meaning set forth in Section 2(a).

"**Maximum Rate**" means the maximum non-usurious rate of interest, which, under applicable Law, may then be charged on this Note.

"**Note**" has the meaning set forth in the introductory paragraph.

"**Obligations**" means (i) all of each Borrower's and/ or GGB Green's obligations and liabilities, direct, indirect, contingent, or otherwise, now existing or hereafter created, contracted or arising, in favor of Lender, including, without limitation, under this Note and the other Loan Documents, as the same may from time to time hereafter be renewed, extended, amended, modified or replaced.

"**Origination Date**" has the meaning set forth in Section 2(a).

"**Parties**" has the meaning set forth in the introductory paragraph.

"**Payment Office**" means such office of Lender, which it may designate, from time to time, by notice to Borrower to be the Payment Office.

"**Person**" means any individual, corporation, limited liability company, trust, joint venture, association, company, limited or general partnership, unincorporated organization, governmental authority or other entity.

"**Request**" has the meaning set forth in Section 2(d)(ii).

"**WMB Assignment**" has the meaning set forth in Section 2(b).

2. **Advances; Assignment.**

(a) Advances Generally. Subject to the terms and conditions of this Note, until the Maturity Date, Lender may make advances to, or for the benefit of, Borrower (each, an "**Advance**" and collectively, the "**Advances**") not exceeding One Million Dollars (\$1,000,000) in the aggregate principal amount advanced hereunder (the "**Maximum Availability**"). The date on which Lender makes an Advance to Borrower is herein referred to as an "**Origination Date**"; provided, however, that in no event shall any Advance be made on or after the Maturity Date. A schedule of Advances made under this Note is attached hereto as Exhibit A, as such Exhibit shall be updated by Lender as of the Origination Date of the Initial Advance, and as of the Origination Date of any Future Advance, if any.

(b) Borrower hereby consents to an assignment of this Note made by Lender in favor of WMB Resources LLC, a Florida limited liability company or its affiliate ("**WMB**") in and to any or all rights, title, benefit and interest of Lender under this Note and the assumption of all of lender's obligations hereunder (the "**WMB Assignment**") and/or any of the Loan Documents and any or all of the benefits derived thereunder, whereupon Stanley Harris, as the representative of each seller under the Purchase Agreement (the "**Original Makers**") shall be released from any and all of their obligations under any of the Loan Documents.

(c) Initial Advance. If no Event of Default shall have occurred and then be continuing, within one (1) Business Days of the WMB Assignment, Lender shall make an initial Advance to Borrower in the original principal amount of Five Hundred Thousand Dollars (\$500,000) (the "**Initial Advance**"); provided, however, that documentary stamps taxes in the amount of USD \$2,450 will be withheld from the Initial Advance and paid to the Florida Department of Revenue in connection with the execution and delivery of this Note but shall be treated as part of the Initial Advance made to Borrower.

(d) Future Advances. After the Origination Date of the Initial Advance, Borrower may request additional Advances under this Note of up to \$500,000 in the aggregate for all such Advances (each a "**Future Advance**"), and in an amount for each such Future Advance of not less than \$100,000, so long as (x) the aggregate amount of all Advances made hereunder does not exceed the Maximum Availability; (y) the Maturity Date has not occurred and (z) subject to the following:

(i) Notwithstanding anything to the contrary in this Agreement, the other Loan Documents or otherwise, Lender's obligation to fund any Future Advances shall be in its sole and absolute discretion, regardless of whether at the time a Request is made therefor no Event of Default then exists. For the avoidance of doubt, only the Initial Advance is committed by Lender to Borrower under this Note, and in that respect, unless and until a Future Advance is made, if ever, the provisions relating to Future Advances in this Note are solely for the purpose of establishing the mechanisms for the Borrower to request that Lender, in its sole and absolute discretion, consider whether or not to make the requested Future Advance; provided, further, that Lender shall have no obligation whatsoever to make any Future Advances for any reason or for no reason; and in this respect, any making of a Future Advance shall not require Lender to thereafter make any Future Advance.

(ii) Subject to the terms and conditions of Section 2(d)(i), (A) a Future Advance may be requested by Borrower in a writing (each written request, a "**Request**") delivered to Lender. Any such Request must be received by Lender prior to 1:00 PM (EST) on a Business Day that is at least three (3) Business Days prior to the request Origination Date. The Request must specify the amount of the Future Advance, the requested Origination Date and wire instructions for the bank account into which the Future Advance should be funded; and if the Request is approved

by Lender in its sole and absolute discretion as aforesaid, Lender will fund the Future Advance in the amount and on the date set forth in the Request.

3. Maturity Date; Prepayment.

(a) Maturity Date. The aggregate unpaid principal amount of the Loan, plus all accrued unpaid interest thereon, and all other amounts payable under this Note, shall be due and payable in full on the Maturity Date.

(b) Voluntary Prepayment. Borrower may prepay the Obligations evidenced by this Note, in whole or in part, at any time, or from time to time, without penalty or premium. No prepaid portion of any Advance may be re-borrowed.

4. Interest.

(a) Interest Rate.

(i) Except as provided in Sections 4(b) and 4(d) hereof, the outstanding principal amount of each Advance shall bear interest at the Applicable Rate from the applicable Origination Date until the Loan is paid in full, whether at maturity, upon acceleration, by prepayment or otherwise.

(ii) All accrued, unpaid interest on the Loan shall be due and payable on the Maturity Date.

(iii) Accrued, unpaid interest shall also be paid on the date of any voluntary prepayment of the Loan in accordance with Section 3(b) hereof.

(b) Default Interest. If any amount payable hereunder is not paid when due, whether at stated maturity, by acceleration or otherwise, such overdue amount shall bear interest at the Default Rate from the date of such non-payment until such amount is paid in full.

(c) Computation of Interest. All computations of interest shall be made on the basis of a year of 365/366 days, as the case may be, and the actual number of days elapsed. Interest shall accrue beginning on the date hereof, but shall not accrue on the date on which the Loan, or a portion thereof, is repaid.

(d) Interest Rate Limitation. This Note and all other Loan Documents are intended to be performed in accordance with, and only to the extent permitted by, all applicable usury Laws. In no event shall the interest payable under this Note at any time exceed the Maximum Rate. If on any day the applicable interest rate hereunder in respect of the Loan shall exceed the Maximum Rate for that day, the rate of interest applicable to the Loan shall be fixed at the Maximum Rate on that day and on each day thereafter until the total amount of interest accrued on the unpaid principal balance of this Note equals the total amount of interest which

would have accrued if there had been no Maximum Rate. In the event interest and other charges as computed hereunder would otherwise exceed the Maximum Rate, such excess amount shall be first applied to any unpaid principal balance owed by Borrower, and if the then remaining excess amount is greater than the previously unpaid principal balance, Lender shall promptly refund such excess amount to Borrower and the provisions hereof shall be deemed amended to provide for such permissible rate.

5. Payment Mechanics.

(a) Manner of Payments. All payments of principal and interest shall be made in lawful money of the United States of America no later than 4:00 PM (EST) at the Payment Office on the date on which such payment is due.

(b) Application of Payments. All payments made hereunder shall be applied first to the payment of any fees or charges outstanding hereunder, second to the principal amount of the Loan and third to accrued, unpaid interest on the Loan.

(c) Business Day Convention. Whenever any payment to be made hereunder shall be due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day.

(d) Rescission of Payments. If at any time any payment made by Borrower under this Note is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy or reorganization of Borrower or otherwise, Borrower's obligation to make such payment shall be reinstated as though such payment had not been made.

6. Grant of Security Interest. The Obligations evidenced by this Note, together with all other Obligations, are secured by the Collateral, reference to which is hereby made for a description of the Collateral and the rights and remedies of Lender as the Secured Party (as defined in the A&R Security Agreement).

7. Representations & Warranties. Borrower hereby represents and warrants to Lender as of the Effective Date and each Origination Date that:

(a) Power and Authority. Borrower has the limited liability company power and authority, and the legal right, to execute and deliver this Note and the other Loan Documents and to perform its Obligations hereunder and thereunder.

(b) Authorization; Execution and Delivery. The execution and delivery of this Note and the other Loan Documents by Borrower and the performance of its Obligations hereunder and thereunder have been duly authorized by all necessary limited liability company action in accordance with all applicable Laws. Borrower has duly executed and delivered this Note and the other Loan Documents.

(c) No Approvals. No consent or authorization of, filing with, notice to or other act by, or in respect of, any governmental authority or any other Person is required in order for Borrower to execute, deliver, or perform any of its obligations under this Note or any other Loan Document.

(d) No Violations. The execution and delivery of this Note and the other Loan Documents and the consummation by Borrower of the transactions contemplated hereby and thereby do not and will not (i) violate any Law or judicial or administrative order applicable to Borrower or by which any of its properties or assets may be bound or (ii) constitute a default under any material agreement or contract by which Borrower may be bound.

(e) Enforceability. Each of the Note and the other Loan Documents is a valid, legal and binding obligation of Borrower, each Grantor (as such term is defined in the A&R Security Agreement) and Guarantor, enforceable against such party in accordance with its terms.

(f) Compliance with Law. Borrower has obtained all material licenses, permits and governmental approvals and authorizations necessary in order to conduct its business and affairs as heretofore conducted and as hereafter intended to be conducted as of the Effective Date, all of which licenses, permits, approvals and authorizations, are currently in full force and effect and no circumstance, event or condition has occurred which, with the passage of time or otherwise, would reasonably be expected to lead the cancellation, revocation or termination thereof. Borrower is in compliance in all material respects with all laws, regulations, decrees and orders applicable to it.

(g) Survival. Except to the extent a representation refers to a specific date, the representations and warranties of Borrower contained in this Agreement shall survive until the Obligations are indefeasibly satisfied in full.

8. Covenants. Until all of the Obligations arising under this Note have been indefeasibly satisfied in full (other than inchoate indemnification Obligations that expressly survive termination of the Loan Documents), Borrower shall:

(a) Payment of Obligations. Pay the Indebtedness evidenced by this Note and all other Obligations pursuant to the terms hereof and the other Loan Documents.

(b) Indebtedness. Other than GGB, not create or permit to exist any Indebtedness without first obtaining the prior written consent of Lender, except (i) trade payables incurred in the ordinary course of business; and (ii) the Obligations.

(c) Compliance with Law and Agreements. Maintain its business operations and property owned or used in connection therewith in compliance with (i) all applicable federal, state, and local laws, regulations and ordinances governing such business operations and the use and ownership of such property, and (ii) all agreements, licenses, franchises, indentures,

mortgages, and deeds of trust to which Borrower is a party or by which Borrower or any of its properties is bound.

(d) Notice of Events of Default. As soon as possible and in any event within two (2) Business Days after Borrower becomes aware that an Event of Default has occurred, notify Lender in writing of the nature and extent of such Event of Default and the action, if any, Borrower has taken or proposes to take with respect to such Event of Default.

(e) Restricted Payments. Not declare, set aside, pay or make (i) any distribution on any Capital Securities of Borrower or (ii) any payment on account of the purchase, redemption, retirement or acquisition of (I) any Capital Securities of Borrower or (II) any option, warrant or other right to acquire such Capital Securities.

(f) Transactions with Affiliates; Repayments to Members. Without the prior written consent of Lender, not (i) enter into any transaction with any affiliate or (ii) repay any outstanding shareholder or member loans.

(g) Disbursement of Advances; Restrictions. Each and every Advance made to Borrower shall be made directly to a bank account of GGB FL and/or Spring Oaks and shall be used by GGB FL and/or Spring Oaks, as applicable, solely for the working capital needs of GGB FL and/or Spring Oaks, as applicable. Lender shall have no obligation to monitor or verify the use or application of any Advance disbursed by Lender.

(h) Further Assurances. Upon the request of Lender, promptly execute and deliver such further instruments and do, or cause to be done, such further acts as may be necessary or advisable to carry out the intent and purposes of this Note and the other Loan Documents.

9. Events of Default. The occurrence and continuance of any of the following shall constitute an event of default hereunder (each, an "**Event of Default**" and collectively, "**Events of Default**"):

(a) Borrower fails to make any payment under this Note or the other Loan Documents or in otherwise in respect of the Obligations, when due, whether by maturity, acceleration or otherwise.

(b) Any representation or warranty made by Borrower in connection with this Note or the Loan shall be discovered to be untrue or incomplete.

(c) Borrower fails to comply with any of the covenants set forth in this Note or the Loan Documents, including, without limitation, Section 8 hereof.

(d) Any Borrower ceases doing business as a going concern or is the subject of a dissolution, merger or consolidation.

(e) (i) There is commenced against Borrower any case, proceeding or other action of under any existing or future Law relating to bankruptcy, insolvency, reorganization, or other relief of debtors, which (I) results in the entry of an order for relief or any such adjudication or appointment or (II) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (ii) there is commenced against Borrower 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 that results in the entry of an order for any such relief that has not been vacated, discharged, stayed or bonded pending appeal within thirty (30) days from the date of entry thereof.

(f) Any attempt by Borrower to terminate and/or revoke any provision of any of the Loan Documents.

(g) LCR 14810 94th Ave LLC ("Landlord"), as landlord, under that certain Lease dated October 21, 2019 (the "Lease"), commences an eviction proceeding in connection with the Lease.

(h) An Event of Default shall occur under any of the Loan Documents other than this Note.

10. Remedies.

(a) Default. Upon the occurrence of an Event of Default and at any time thereafter during the continuance of such Event of Default, Lender may, at its option, (i) declare the entire principal amount of this Note and all other amounts payable hereunder immediately due and payable; (ii) charge interest at the Default Rate; (iii) set off against the Loan any amounts owing by Lender to Borrower; and (iv) exercise any or all of its rights, powers or remedies under this Note or any other Loan Document or applicable Law; *provided, however* that, if an Event of Default described in Section 9(e) shall occur, the entire principal amount of the Loan shall become immediately due and payable without any notice, declaration or other act on the part of Lender.

(b) Non-Exclusive Remedies. All of Lender's rights and remedies, not only under the provisions of this Note, but also under any other Loan Document, shall be cumulative and not alternative or exclusive, and may be exercised by Lender at such time or times and in such order of preference as Lender in its sole discretion may determine.

(c) Waiver of Presentment, etc. Borrower waives presentment, demand, protest, notice of dishonor, notice of demand or intent to demand, notice of acceleration or intent to accelerate, and all other notices, and agrees that no extension or indulgence to Borrower (or

any of them) or release, substitution or non-enforcement of any security, or release or substitution of any of Borrower, any other guarantor or any other Person, whether with or without notice, shall affect the obligations of Borrower. Borrower waives all defenses or right to discharge available under applicable Law, including, but not limited to, the Code, and waives all other suretyship defenses or right to discharge.

(d) Failure to Act. No delay or failure of Lender in exercising any right, power or privilege hereunder shall affect such right, power or privilege, nor shall any single or partial exercise thereof preclude any further exercise thereof, or the exercise of any other power, right or privilege. The rights of Lender under this Note are cumulative and not exclusive of any right or remedies which Lender would otherwise have, whether by other instruments or Law.

11. Miscellaneous.

(a) Notices. Any notices, requests, demands or other communications required or permitted to be given under this Note shall be in writing and shall be deemed to have been duly given on the date of service if served personally (Federal Express and similar services shall be considered to be personal service), or on the date that such service is refused by a party, or by telephone facsimile or other electronic transmission (provided that either the recipient of a facsimile or other electronic transmission has provided express written confirmation of receipt of such transmission or the sender of a facsimile or other electronic transmission has delivered within 24 hours a copy of such notice by another method of delivery permitted under this Section 11(a)), and upon the third (3rd) Business Day after mailing, if mailed to the party to whom notice is to be given, by first-class mail, registered or certified, postage prepaid, return receipt requested, and properly addressed as follows:

If to Borrower:

GGB Florida
4300 East Fifth Ave.
Columbus, Ohio 43219
Attn: Legal Department

If to Lender:

Stanley W. Harris, as Trustee of the Stanley W. Harris
Family Trust, dated December 21, 2004
Attention: Stanley W. Harris, Trustee
30242 County Road 437
Sorrento, Florida 32776
Email: Haloh2o@embarqmail.com

The parties hereto may at any time change the name and addresses of persons to whom must be sent all notices or other documents required to be given under this Note by giving written notice to the other party.

(b) Expenses. Borrower shall reimburse Lender on demand for all documented Lender Expenses (including reasonable attorneys' fees and expenses) incurred by Lender.

(c) Governing Law. This Note and all other Loan Documents, and any claim, controversy, dispute or cause of action (whether in contract, tort or otherwise) based upon, arising out of or relating to this Note or any other Loan Document and the transactions contemplated hereby and thereby shall be governed by the Laws of the State of Florida without regard to the principles of the choice of law or the conflicts of laws.

(d) Submission to Jurisdiction. Borrower irrevocably and unconditionally (i) agrees that any legal action, suit or proceeding arising out of or relating to this Note or any other Loan Document may be brought in courts located in Miami-Dade County, State of Florida or in the district court for the United States of America for the Southern District of Florida, Miami Division and (ii) submits to the exclusive jurisdiction of any such court in any such action, suit or proceeding. A final judgment against Borrower in any action, suit or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment. Nothing in this Section 11(d) shall affect the right of Lender to (i) commence legal proceedings or otherwise sue Borrower in any other court having jurisdiction over Borrower or (ii) serve process upon Borrower in any manner authorized by the Laws of any such jurisdiction.

(e) Venue. 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 Note or any other Loan Document in any court referred to in Section 11(d) and the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(f) Waiver of Jury Trial. BORROWER KNOWINGLY, VOLUNTARILY AND INTENTIONALLY 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 RELATING TO THIS NOTE, THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY.

(g) Counterparts; Integration; Effectiveness. This Note, the other Loan Documents, and any amendments, waivers, consents or supplements hereto and thereto may be executed in counterparts, each of which shall constitute an original, but all taken together shall constitute a single contract. This Note and the other Loan Documents constitute the entire contract between the Parties with respect to the subject matter hereof and supersede all previous agreements and understandings, oral or written, with respect thereto.

(h) Successors and Assigns. This Note may be assigned or transferred by Lender to any Person other than a Person who is a competitor of Borrower at the time of such assignment or transfer, it being expressly acknowledged and agreed that this Note may be assigned to WMB, whereupon the Original Makers shall be released from any and all obligations under the Loan Documents. Borrower may not assign or transfer this Note or any of its rights hereunder without the prior written consent of Lender in its sole and absolute discretion. This Note shall inure to the benefit of, and be binding upon, the Parties and their permitted assigns.

(i) Interpretation. For purposes of this Note (i) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation"; (ii) the word "or" is not exclusive; and (iii) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Note as a whole. The definitions given for any defined terms in this Note shall apply equally to both 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. Unless the context otherwise requires, references herein: (I) to Sections mean the Sections of this Note; (II) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof; and (III) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Note shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

(j) Amendments and Waivers. No term of this Note may be waived, modified or amended except by an instrument in writing signed by both of the parties hereto. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

(k) Headings. The headings of the various Sections and subsections herein are for reference only and shall not define, modify, expand or limit any of the terms or provisions hereof.

(l) Electronic Execution. The words "execution," "signed," "signature," and words of similar import in the Note shall be deemed to include electronic or digital signatures or the keeping of records in electronic form, each of which shall be of the same effect, validity and enforceability as manually executed signatures or a paper-based recordkeeping system, as the case may be, to the extent and as provided for under applicable Law, including the Electronic Signatures in Global and National Commerce Act of 2000 (15 USC § 7001 et seq.).

(m) Severability. If any term or provision of this Note or the other Loan Documents is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Note or such other Loan

Document 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 this Note 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.

(n) Joint and Several Liability. Each of GGB, GGB FL and Spring Oaks acknowledges and agree that all obligations and liabilities of each such Person hereunder shall be joint and several.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Borrower has executed this Note as of April __, 2020.

BORROWER:

GREEN GROWTH BRANDS, INC.

By: 
Name: RAYMOND C. WHITAKER
Title: INTERIM CEO

SPRING OAKS GREENHOUSES, INC.

By: 
Name: RAYMOND C. WHITAKER
Title: INTERIM CEO

GGB FLORIDA LLC

By: 
Name: RAYMOND C. WHITAKER
Title: INTERIM CEO

LENDER:

Stanley W. Harris, in his capacity as
representative of each Seller under the
Purchase Agreement

IN WITNESS WHEREOF, Borrower has executed this Note as of April __, 2020.

BORROWER:

GREEN GROWTH BRANDS, INC.

By: _____

Name:

Title:

SPRING OAKS GREENHOUSES, INC.

By: _____

Name:

Title:

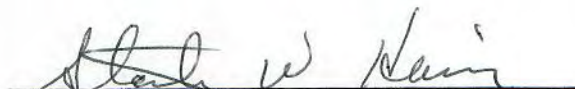
GGB FLORIDA LLC

By: _____

Name:

Title:

LENDER:



Stanley W. Harris, in his capacity as
representative of each Seller under the
Purchase Agreement

EXHIBIT A

(ADVANCES)

[illegible]

Exhibit O

EXHIBIT "O"

referred to in the Affidavit of

RAYMOND C. WHITAKER III

Sworn May 19, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits



Joshua Kaplan

Tel 305-350-7263

Fax 305-351-2293

jkaplan@bilzin.com

May 15, 2020

VIA REGISTERED OR CERTIFIED MAIL,
POSTAGE PREPAID AND RETURN RECEIPT REQUESTED
and E-MAIL

GGB Florida LLC
4300 East Fifth Ave.
Columbus, Ohio 43219
Attn: Legal Department

Green Growth Brands Inc.
c/o GGB Florida LLC
4300 East Fifth Ave.
Columbus, Ohio 43219
Attn: Legal Department

GGB Green Holdings LLC
c/o GGB Florida LLC
4300 East Fifth Ave.
Columbus, Ohio 43219
Attn: Legal Department

Spring Oaks Greenhouses, Inc.
c/o GGB Florida LLC
4300 East Fifth Ave.
Columbus, Ohio 43219
Attn: Legal Department

Re: **NOTICE OF EVENTS OF DEFAULT ("Notice")** under, inter alia, that certain Amended and Restated Security Agreement dated as of April 29, 2020, by and among GGB GREEN HOLDINGS LLC, a Delaware limited liability company ("**GGB Green**"), GGB FLORIDA LLC, a Delaware limited liability company ("**GGB Florida**"), and SPRING OAKS GREENHOUSES, INC., a Florida corporation ("**Spring Oaks**", and together with GGB Green and GGB Florida, collectively, "**Grantors**"; the "**Security Agreement**"), and the other Loan Documents (as defined in the Security Agreement; all capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Security Agreement), originally in favor of STANLEY W. HARRIS, a Florida resident, as the representative of each seller under that certain Share Purchase Agreement dated as of June 3, 2019 ("**Original Secured Party**"), by and among Original Secured Party, Green Growth Brands Inc., a corporation formed under the laws of the province of Ontario ("**GGB**"), and the other parties set forth therein; as such Security Agreement has been acknowledged and agreed to by GGB; all of Original Secured Party's right title and interest in and to such Loan Documents having been absolutely and unconditional assigned by Original Secured Party to Green Ops Group LLC, a Delaware limited liability company ("**Secured Party**")

MIAMI 6927509.7 81754/46676

GGB FLORIDA LLC et, al

May 15, 2020

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Ladies and Gentlemen:

This law firm represents Secured Party with respect to the Loan Documents.

This letter shall serve as written notice from Secured Party to GGB and the Grantors, in their capacities as Grantor, Obligor, borrower under the Notes and guarantor under the Guaranty, as applicable, that certain Events of Default (the "**Specified Events of Default**") have occurred and are continuing under the Loan Documents by virtue of the breaches or events of default related to the contractual obligations existing as of the date hereof and set forth on **Schedule I**.

Please be advised that as a result of such Specified Events of Default, Secured Party may, at its option and upon its election, and without further notice or demand, exercise all rights and remedies provided under the Loan Documents or otherwise available at law or in equity, including, without limitation, accelerating the maturity of the Notes and all other Obligations, whereupon all Obligations will be immediately due and payable in full (including unpaid interest and applicable charges, expenses and fees), and exercise any and all rights available to the Secured Party under the Loan Documents and applicable law.

Nothing contained in this letter shall constitute (i) a waiver or modification of the terms of the Loan Documents or of any of Secured Party's rights or remedies under the Loan Documents; (ii) a waiver by Secured Party of the Specified Events of Default or any other Events of Default under the Loan Documents (whether or not (x) known to Secured Party, (y) described herein, or (z) currently existing or occurring hereafter); (iii) an election of remedies; or (iv) a warranty or representation or agreement that Secured Party will amend or modify the existing terms of the Loan Documents, or that Secured Party will take or forbear from taking any action with respect to the Loan Documents.

No modification of the Loan Documents and no agreement or understanding of any nature shall be deemed to have been entered into by or be binding upon Secured Party unless and until Secured Party, the Grantors, and GGB have reached agreement on all issues, and such entire agreement shall have been reduced to a written document that expressly states that it modifies the Loan Documents and is fully executed by Secured Party, the Grantors and GGB. Oral agreements, emails, memoranda of meetings, summaries of proposed terms, etc., shall have no effect whatsoever and shall not be binding upon Secured Party.

Secured Party hereby expressly reserves all rights and remedies under the Loan Documents, at law or in equity, including, without limitation, the rights and remedies specified hereinabove; and its right to exercise, without further notice or demand, any or all of such rights and remedies at any time hereafter the date of this Notice.

PLEASE BE GOVERNED ACCORDINGLY.

MIAMI 6927509.7 81754/46676

GGB FLORIDA LLC et, al

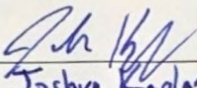
May 15, 2020

Page 3

Very truly yours,

Joshua Kaplan, P.A.

By: _____


Joshua Kaplan
President

Title: _____

ATTENTION TO ANY DEBTOR IN BANKRUPTCY OR ANY DEBTOR WHO HAS RECEIVED A DISCHARGE IN BANKRUPTCY OR WHO MAY HAVE PAID OR SETTLED, OR OTHERWISE NOT BE OBLIGATED UNDER, THE LOAN DOCUMENTS: Please be advised that, anything contained in this letter to the contrary notwithstanding, in the event that the Grantors or GGB have filed for protection under the United States Bankruptcy Code or any similar state law (collectively, "**Insolvency Laws**"), this letter constitutes neither a demand for payment under the Loan Documents nor a notice of personal liability to nor action against any recipient hereof who might have received a discharge of the Loan Documents in accordance with applicable Insolvency Laws or who might be subject to the automatic stay of Section 362 of the United States Bankruptcy Code, or other similar Insolvency Law, or who has paid or settled or is otherwise not obligated by law for under the Loan Documents.

MIAMI 6927509.7 81754/46676

SCHEDULE I

CERTAIN CONTRACTUAL OBLIGATIONS

1. Lease, dated March 3, 2020, between GGB Florida and CAMPUS & MAIN FSU 1, LLC, a Delaware limited liability company, for the property located at 1717 W. Tennessee Street, Tallahassee, FL. May rent in the amount of \$15,130.41 plus other applicable amounts are past due under the lease.
2. Lease, dated October 21, 2019, between Spring Oaks and LCR 14810 94TH AVE LLC, a Delaware limited liability company, for the property located at 14810 NW 94th Ave., Alachua, FL. May rent in the amount of \$181,250.00 plus other applicable amounts are past due under the lease.
3. Lease, dated August 27, 2019, between GGB Florida and Centercorp Florida JV LLC, a Florida limited liability company, for the property located at 921 Blanding Blvd., Orange Park, FL 32065. May rent in the amount of \$11,625.00 plus other applicable amounts are past due under the lease.
4. Lease, dated August 23, 2019, between GGB Florida and GS Fund 1, LLC, a Florida limited liability company, for the property located at 1910 SE Federal Highway, Stuart, FL. May rent in the amount of \$14,055.00 plus other applicable amounts are past due under the lease.
5. Leases, dated November 18, 2018 and May 15, 2019, between Green Growth Brands Realty, LLC, a Florida limited liability company, and Elysee Investment Company of Miami Beach II Inc., a Florida corporation, for the property located at 6958-6962 Collins Ave., Miami Beach, FL 33141, as amended, and as assigned to Spring Oaks. May rent in the amount of \$10,000.00 plus other applicable amounts are past due under the leases.

MIAMI 6927509.7 81754/46676

Exhibit P

EXHIBIT "P"

referred to in the Affidavit of

RAYMOND C. WHITAKER III

Sworn May 19, 2020

DocuSigned by:

Sanja Sopic

E820930A2731482...

Commissioner for Taking Affidavits

FORBEARANCE LETTER AGREEMENT

Executed as of May 19, 2020 (“**Execution Date**”)

GGB Florida LLC
4300 East Fifth Ave.
Columbus, Ohio 43219
Attn: Legal Department

Green Growth Brands Inc.
c/o GGB Florida LLC
4300 East Fifth Ave.
Columbus, Ohio 43219
Attn: Legal Department

GGB Green Holdings LLC
c/o GGB Florida LLC
4300 East Fifth Ave.
Columbus, Ohio 43219
Attn: Legal Department

Spring Oaks Greenhouses, Inc.
c/o GGB Florida LLC
4300 East Fifth Ave.
Columbus, Ohio 43219
Attn: Legal Department

Re: Forbearance Agreement in respect of certain Events of Default under, inter alia, that certain Amended and Restated Security Agreement dated as of April 29, 2020, by and among GGB GREEN HOLDINGS LLC, a Delaware limited liability company (“**GGB Green**”), GGB FLORIDA LLC, a Delaware limited liability company (“**GGB Florida**”), and SPRING OAKS GREENHOUSES, INC., a Florida corporation (“**Spring Oaks**”, and together with GGB Florida, “**Obligors**”; Obligors and GGB Green, collectively, “**Grantors**”; the “**Security Agreement**”), and the other Loan Documents (as defined in the Security Agreement; all capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Security Agreement), originally in favor of STANLEY W. HARRIS, a Florida resident, as the representative of each seller under that certain Share Purchase Agreement dated as of June 3, 2019 (“**Original Secured Party**”), by and among Original Secured Party, Green Growth Brands Inc., a corporation formed under the laws of the province of Ontario (“**GGB**”, and together with Grantors, collectively, “**Borrower Parties**”), and the other parties set forth therein, as acknowledged and agreed to by GGB; all of Original Secured Party’s right title and interest in and to such Loan Documents having been absolutely and unconditional assigned by Original Secured Party to Green Ops Group LLC, a Delaware limited liability company (“**Secured Party**”)

Ladies and Gentlemen:

This letter agreement (“**Agreement**”) sets forth the terms upon which Secured Party, having an address at 41 South High Street, Suite 3750 South, Columbus, OH 43215, agrees, subject to the terms and conditions hereof, not to (a) commence a foreclosure sale of the Collateral, (b) file a motion to appoint a receiver to operate the Collateral, (c) obtain a judgment or judgments against Borrower Parties and (d) accelerate amounts due under the Loan Documents as a result of the occurrence and continuance of the Specified Events of Default (as defined below) during the Forbearance Period (as defined below). The forbearance by Secured Party, subject to the terms and conditions of this Agreement, is referred to as the “**Forbearance Covenant**”. For all purposes, this Agreement shall constitute a Loan Document after the Execution Date.

1. **Status.** Borrower Parties acknowledge and agree that certain Events of Defaults have occurred and are continuing, as more fully set forth on **Exhibit “A”** hereto (collectively, the “**Forbearance Event**”) and Borrower Parties have asked Secured Party to provide the Forbearance Covenant.

2. **Forbearance Period.** (a) Subject to the terms of this Agreement; and provided that no Termination Event (as defined below) hereafter occurs or exists as of the Execution Date, Secured Party agrees to the Forbearance Covenant for the duration of the Forbearance Period. **“Forbearance Period”** shall mean that period of time commencing on the Execution Date and expiring on June 15, 2020 (the **“Initial Forbearance Period”**), as such period of time may be extended in accordance with the terms of Sections 2(b) and 2(c) of this Agreement.

(b) Borrower Parties may elect to extend the expiration of the Forbearance Period to July 15, 2020 (the **“First Extension Period”**) if in Secured Party’s reasonable determination the following conditions have been satisfied at least three (3) calendar days prior to the expiration date of the Initial Forbearance Period:

(i) GGB Green, GGB FL, Spring Oaks, and GGB, as applicable (the **“Applicable Sellers”**) shall have entered into a binding purchase and sale agreement (the **“Sale Agreement”**) with a prospective purchaser (the **“Purchaser”**) for the sale by the Applicable Sellers of the Pledged Company/GGB Land Shares, the Pledged Shares and/or the All Assets Collateral (the applicable assets being purchased under the Sale Agreement, the **“Applicable Collateral”**), for a purchase price no less than the sum of (x) the amount that will create net proceeds to the Seller of not less than the outstanding amount of the Obligations projected to be due and payable as of the last day of the Second Extension Period (as such term is defined below) plus (y) an amount equal to fifty percent (50%) of the Deposit (such minimum purchase price, the **“Minimum Purchase Price”**; the Minimum Purchase Price and the amount, if any, above the Minimum Purchase Price that the Purchaser pays as the part of the purchase price under the Sale Agreement, the **“Purchase Price”**). All amounts constituting the Minimum Purchase Price shall be due and payable by the Purchaser to the Applicable Sellers in immediately available funds;

(ii) (A) the Applicable Seller shall have received the Deposit (as defined below), and (B) shall have remitted to Secured Party, in immediately available funds, an amount equal to fifty percent (50%) of the amount of the Deposit, to be applied by Secured Party as set forth in Section 3 of this Agreement;

(iii) Borrower Parties shall have delivered to Secured Party a correct and complete copy of the Sale Agreement, together with such financial and other information as requested by Secured Party; and Secured Party, in its reasonable determination, shall have determined that the Sale Agreement complies with the requirements therefor set forth in this Agreement, and that the Purchaser is financially capable of consummating the Sale Agreement;

(iv) Any regulatory approvals required to permit the Purchaser to become the direct or indirect owner of Spring Oaks, including without limitation in respect of the direct or indirect owner of the Cannabis licenses shall have been applied for with the applicable governmental authorities; and

(v) No Termination Event shall have occurred.

(c) Borrower Parties may elect to further extend the expiration of the Forbearance Period to July 29, 2020 (the **“Second Extension Period”**) if in Secured Party’s reasonable determination the following conditions have been satisfied at least five (5) calendar days prior to the expiration date of the First Extension Period:

(i) The Applicable Seller and the Purchaser shall be, and remain, ready, willing, and able to close on the Sale Agreement, on the terms set forth in the agreement reviewed

by the Secured Party in connection with agreeing to the First Extension (including with respect to the Purchase Price not having been reduced below the Minimum Purchase Price), pending only the receipt of any regulatory approvals necessary to effectuate such Sale Agreement; and the Applicable Seller shall have certified same in writing to Secured Party.

(ii) No Termination Event shall have occurred.

For the avoidance of doubt, nothing contained in this Agreement, or otherwise, shall constitute a release of Secured Party's Liens in and to the Collateral unless and until the full amount of the Obligations has been indefeasibly paid and satisfied in full.

3. **Use of Deposit Proceeds.** The deposit (the “**Deposit**”) by Purchaser to Seller pursuant to the Sale Agreement shall be in an amount of no less than ten (10%) percent of the Purchase Price to be received by the Applicable Seller from the Purchaser under the Sale Agreement, and shall be non-refundable unless Seller materially breaches the Sale Agreement. Upon receipt of the Deposit, the Applicable Seller shall remit to Secured Party, in immediately available funds, fifty percent (50%) of the amount of such Deposit, which shall be applied by Secured Party in reduction of amounts due under the Initial Florida Notes, first to Transaction Costs (as defined below), then to accrued and unpaid interest not applied to principal, and then to the principal thereof; and shall use the remaining fifty percent (50%) of such Deposit solely for the purpose of paying out of pocket expenses incurred by the Obligor in the ordinary course of the operation of their businesses in favor of third parties unaffiliated with the Borrower Parties.

4. **Intentionally Omitted**

5. **Forbearance Covenant.**

(a) During the Forbearance Period, Secured Party agrees to forbear pursuant to the Forbearance Covenant solely as a result of (i) the Forbearance Event, including the default as of the Execution Date under that certain convertible debenture indenture dated May 17, 2019, between GGB and Capital Transfer Agency ULC (the “**Indenture**”), (ii) the GAOC Default, and (iii) any default as of the Execution Date under that certain promissory note between MXY Holdings LLC and GGB Beauty LLC (an affiliate of Borrower Parties), (collectively, the “**Specified Events of Default**”), unless another Event of Default currently exists other than the Specified Events of Default and/or an Event of Default other than the Specified Events of Default hereafter occurs. Upon the occurrence of a Termination Event or the expiration of the Forbearance Period, the Forbearance Covenant shall terminate and Secured Party shall be entitled to exercise any and all of its rights under the Loan Documents and applicable law against the Borrower Parties and the Collateral.

(b) Secured Party agrees to waive collection of default interest and late fees that accrue during the Forbearance Period; provided however, upon the occurrence of a Termination Event or the occurrence of an Event of Default under the Loan Documents following the expiration of the Forbearance Period, default interest and late fees that have accrued and not been paid during the Forbearance Period shall be immediately due and payable, without notice or demand.

6. **Future Advances under the Promissory Note III.** If on or before May 28, 2020, GGB, Spring Oaks, and/or GGB Florida (collectively, the “Borrower” under the Promissory Note III) requests a “Future Advance” of up to \$500,000 pursuant to Section 2(d) of the Promissory Note III, Secured Party shall make such Future Advance on or before May 30, 2020, provided that the Forbearance Period is in effect as of the date Secured Party funds such Future Advance, and provided further that in no event shall the amount of such Future Advance made pursuant to this Section exceed \$500,000.

7. Voluntary Surrender of Collateral in Satisfaction of Debt and Release Agreement; Actions upon Termination of the Forbearance Period.

(a) As of the Execution Date, the Borrower Parties and the Secured Party have entered into that certain Voluntary Surrender of Collateral in Satisfaction of Debt and Release Agreement (the “VSCRA”), by and among the Grantors and the Secured Party, as acknowledged and agreed to by GGB, dated as of the Execution Date and effective upon the termination of the Forbearance Period as provided in this Agreement (for convenience of reference, the fully executed VSCRA is attached to this Agreement as **Exhibit “B”**).

(b) Upon the termination of the Forbearance Period pursuant to this Agreement, whether as a result of a Termination Event or if the Forbearance Period is not extended by the First Extension Period or the Second Extension Period, as the case may be, if all Obligations have not then been indefeasibly paid and satisfied in full, by payment to Secured Party of the proceeds of the sale, if any, pursuant to the Sale Agreement or otherwise, the VSCRA shall, automatically and without further notice by Secured Party to the Borrower Parties, thereupon be operative and Borrower Parties and Secured Party shall thereupon pay and perform their respective obligations thereunder.

8. **Forbearance Fee.** In consideration for the Forbearance Covenant, in addition to other fees and payments due under this Agreement and the Loan Documents, Borrower Parties shall pay Secured Party a forbearance fee equal to \$50,000 (“**Forbearance Fee**”). Borrower Parties shall pay to Secured Party the Forbearance Fee no later than simultaneously with execution of this Agreement. The Forbearance Fee shall be deemed fully earned by Secured Party and shall not be applied by Secured Party at any time to reduce the Obligations.

9. **Borrower Parties’ Representations, Warranties and Acknowledgments.** Each of the Borrower Parties, jointly and severally, represents, warrants, acknowledges and agrees that, as of the Execution Date and on the date of consummation of the sale of the Applicable Collateral pursuant to the Sale Agreement, if any:

(a) The Specified Events of Default have occurred and are continuing.

(b) GGB is a duly organized, validly existing corporation formed under the laws of the province of Ontario, GGB Green is a duly organized, validly existing limited liability company formed under the laws of the State of Delaware, GGB Florida is a duly organized, validly existing limited liability company formed under the laws of the State of Delaware, Spring Oaks is a duly organized, validly existing corporation formed under the laws of the State of Florida, and GGB Holdco Inc., a Delaware corporation (“**Holdco**”) is a duly organized, validly existing corporation formed under the laws of the State of Delaware; and each of the Borrower Parties and Holdco is in good standing and qualified to do business in each jurisdiction that such status is required.

(c) Raymond C. Whitaker (“**Signatory**”) is an authorized representative of each of GGB, Spring Oaks, and Holdco. Signatory, acting alone, without the joinder of any other officers, directors or shareholders, members, or managers, as applicable, of any of Borrower Parties or Holdco, or any other party, has the power and authority to execute and deliver this Agreement and the VSCRA on behalf of and to duly bind each of Borrower Parties under this Agreement and the VSCRA. The execution and delivery of, and performance under, this Agreement by each of Borrower Parties has been duly and properly authorized pursuant to all requisite action of each of Borrower Parties and Holdco.

(d) This Agreement, the other Loan Documents and the VSCRA (when and as provided herein and therein) constitute valid, enforceable and legally binding obligations of each of

Borrower Parties; Secured Party has a valid, perfected first priority lien and security interest in and to the Collateral; and no other person or entity has any interest, including a security interest or Lien, therein.

(e) Borrower Parties have obtained the necessary approvals and authorizations from all applicable third-parties to execute this Agreement, including but not limited to any and all governmental authorities and ground lessors, as and to the extent applicable.

(f) Except as expressly set forth in this Agreement, neither this Agreement, nor any payments made or other actions taken pursuant to this Agreement nor any discussions between Secured Party and Borrower Parties regarding same is intended to, and shall not be deemed or construed to constitute: (i) a modification, amendment or waiver that would cure the Specified Events of Default, any other existing Events of Default or any Events of Default that may occur after the Execution Date under the Loan Documents, (ii) except as expressly provided in the VSCRA, constitute a reinstatement, novation or release of the Loan Documents or the Obligations, (iii) an extension of the maturity date under the Loan Documents, or (iv) constitute any modification, amendment or any other waiver of the terms and conditions of the Loan Documents.

10. **Borrower Parties' Covenants.** During the Forbearance Period none of the Borrower Parties shall:

(a) cause or permit the Grantors, or any of them, to merge into or consolidate with any person or entity, or dissolve, terminate, liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets (other than the Applicable Collateral in connection with the Sale Agreement, if any) or change its existing legal structure;

(b) transfer or dispose of any part of the Collateral (other than the Applicable Collateral in connection with the Sale Agreement, if any), other than in the ordinary course of business of the applicable Borrower Party; or

(c) use any portion of the Deposit (other than the portion remitted to the Secured Party pursuant to Section 3 of this Agreement) for any purpose other than the payment of out of pocket expenses incurred by the Obligors in the ordinary course of business in favor of third parties unaffiliated with the Borrower Parties.

It shall be a breach of this Agreement and the other Loan Documents if any representation or warranty of Borrower Parties in this Agreement shall be untrue or inaccurate in any respect or Borrower Parties fail to comply with any covenants set forth in this Agreement.

11. **No Bankruptcy Intent; Relief from Stay.** Each of the Borrower Parties represents, warrants and covenants that, none of the Grantors has any intent to: (a) file a voluntary petition with any bankruptcy court of competent jurisdiction in the United States or otherwise, or be the subject of any petition under Title 11 of the U.S. Code, as amended or the bankruptcy, receivership or similar laws for debtor relief in any other jurisdiction, including Canada (such applicable laws, the "**Bankruptcy Code**"); (b) be the subject of any order for relief issued under the Bankruptcy Code; (c) file or be the subject of any petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future federal, state or foreign act or law relating to bankruptcy, insolvency, or other relief for debtors; (d) seek or consent to or acquiesce in the appointment of any trustee, receiver, conservator, liquidator or assignee for the benefit of creditors; or (e) be the subject of any order, judgment, or decree entered by any court of competent jurisdiction approving a petition filed against such party for any reorganization, arrangement, composition, readjustments, liquidation, dissolution, or similar relief under any present or future federal, state or foreign act or law relating to bankruptcy, insolvency, or relief for debtors (each of such actions described above being a "**Debtor Proceeding**"). The filing of any

petition or the seeking of any relief in a Debtor Proceeding by any of the Grantors, whether directly or indirectly, would be in bad faith and solely for purposes of delaying, inhibiting or otherwise impeding the exercise by Secured Party of Secured Party's rights and remedies against the Borrower Parties and the Collateral pursuant to the Loan Documents and/or at law. If the Grantors take any action constituting a Debtor Proceeding, and such action causes Secured Party to seek necessary or appropriate relief: (i) Secured Party shall thereupon be entitled to and Borrower Parties irrevocably consent to the relief from any automatic stay imposed by Section 362 of Bankruptcy Code, or otherwise, on or against the exercise of the rights and remedies otherwise available to Secured Party as provided in this Agreement with respect to the Collateral and as otherwise provided by law, and Borrower Parties hereby irrevocably waive any right to object to such relief, and acknowledge that no reorganization in bankruptcy is feasible; (ii) Borrower Parties waive their exclusive rights pursuant to Section 1121(b) of the Bankruptcy Code or similar provision to file a plan of reorganization and irrevocably agrees and consents that Secured Party may file a plan immediately upon the entry of an order for relief if an involuntary petition is filed against Borrower Parties or upon the filing of a voluntary petition by the Grantors; (iii) in the event that Secured Party shall move pursuant to Section 1121(d) of the Bankruptcy Code or equivalent provision for an order reducing the 120 day exclusive period, Borrower Parties shall not object to any such motion, and (iv) Borrower Parties waive any rights they may have pursuant to Section 108(b) of the Bankruptcy Code. Moreover, if GGB files a Bankruptcy Proceeding, it agrees that in no event shall it seek to include in such proceeding, or to extend any of the debtor protections that may be available to GGB thereunder or otherwise seek such protections in respect of the Grantors in such Bankruptcy Proceeding unless and until all Obligations are indefeasibly paid and satisfied in full and Secured Party is not subject to disgorgement of any and all amounts received by it in payment of the Obligations. For the avoidance of doubt, the provisions of this Section shall not apply to any voluntary filings by GGB, on its own behalf or on behalf of GGB's Canadian subsidiaries, pursuant to the bankruptcy or insolvency laws of Canada.

The provisions of this Section shall survive the termination of this Agreement.

12. **Release and Covenant Not to Sue.** In consideration of Secured Party's agreement to the terms of this Agreement, Borrower Parties, on behalf of themselves and each and all of their respective past, present and future members, managers, officers, directors, and shareholders, as applicable, and each and all of the heirs, executors, administrators, successors and assigns of each of the foregoing (collectively, including Borrower Parties, "**Borrower Releasing Parties**"), remise, release, acquit, satisfy and forever discharge Secured Party, all subsidiaries, parents and affiliates of Secured Party and each of the foregoing parties' predecessors in interest, and each and all of their respective past, present and future partners, members, managers, certificate holders, officers, directors, shareholders, employees, agents, contractors, representatives, attorneys, and participants and each and all of the heirs, executors, administrators, successors and assigns of each of the foregoing (collectively, "**Released Parties**") from any and all manner of debts, accountings, bonds, warranties, representations, covenants, promises, contracts, controversies, agreements, liabilities, obligations, expenses, damages, judgments, executions, inactions, actions, claims, demands and causes of action of any nature whatsoever, whether at law or in equity, known or unknown, either now accrued or subsequently maturing, which any of them now has or hereafter can, shall or may have by reason of any matter, cause or thing, from the beginning of the world to and including the Execution Date, including, without limitation, matters arising out of or relating to (i) the Loan Documents, (ii) the Obligations, (iii) the Collateral, and (iv) any other agreement or transaction between any of Borrower Releasing Parties and any of Released Parties concerning matters arising out of or relating to the items set forth in clauses (i) - (iii) above; provided however, that the provisions of this Section shall not apply to matters arising out of relating to the GAOC Note. Borrower Parties, in their own right or on behalf of the other Borrower Releasing Parties, shall not institute or cause or permit to be instituted, or continue prosecution of any suit or other form of action or proceeding of any kind or nature whatsoever, against any of Released Parties by reason of or in connection with any of the foregoing matters, claims or causes of action.

13. **Future Negotiations.** Secured Party has no obligation whatsoever to discuss, negotiate or agree to any restructuring, modification, amendment, restructuring or reinstatement of the Loan Documents or to forbear from exercising its rights and remedies under the Loan Documents, except as expressly provided in this Agreement. If there are any future discussions among Secured Party and Borrower Parties concerning any such restructuring, modification, amendment or reinstatement, then no restructuring, modification, amendment, reinstatement, compromise, settlement, agreement or understanding with respect to the Loan Documents, the Collateral or any aspect thereof shall constitute a legally binding agreement or contract or have any force or effect whatsoever unless and until reduced to writing and signed by authorized representatives of the parties. Borrower Parties shall not assert or claim in any legal proceedings or otherwise that any such agreement exists except in accordance with the terms of this Section.

14. **Termination Events; Voluntary Surrender of Collateral.** Each of the following shall constitute a termination event (“**Termination Event**”) resulting in the termination of the Forbearance Covenant and the Forbearance Period, and entitling Secured Party immediately, without any further notice to Borrower Parties, to exercise all of its right and remedies under this Agreement, the other Loan Documents, and the VSCRA, and in equity and at law, including, but not limited to, demanding immediate payment in full of all Obligations, the appointment of a receiver to manage and operate the Collateral and commencing or continuing, as applicable, and commencing or completing foreclosure proceedings (whether commenced by judicial action or non-judicial action) against Borrower Parties and the Collateral:

- (a) if Borrower Parties fail to timely pay any payment required hereunder, including, but not limited to, the Forbearance Fee or the Transaction Costs;
- (b) the occurrence or existence of an Event of Default under the Loan Documents other than the Specified Events of Default;
- (c) the breach by Borrower Parties of any covenant or obligation under this Agreement;
- (d) if any of Borrower Parties shall file or institute against any of Released Parties any lawsuit, complaint, administrative claim, adversary proceeding or other legal action, directly or indirectly, relating to the Loan Documents or the Collateral;
- (e) if any representation or warranty of Borrower Parties in this Agreement shall be untrue or inaccurate in any respect;
- (f) if any of Grantors files or becomes subject to any Debtor Proceeding; or
- (g) if the sale of the Applicable Collateral pursuant to the Sale Agreement shall have occurred and the proceeds thereof, in immediately available funds, shall not have concurrently been remitted to Secured Party, and/or if such proceeds remitted to Secured Party shall not be in an amount at least equal to the then outstanding amount of the Obligations.

Upon a Termination Event, Borrower Parties shall not delay, oppose, enjoin, hinder or otherwise disrupt Secured Party’s exercise of its rights and remedies under the Loan Documents or the VSCRA. Borrower Parties shall fully cooperate with Secured Party in connection with effecting the terms and conditions of the VSCRA, or at the option of Secured Party, in any foreclosure proceedings and/or to effect the appointment of a receiver to manage and operate the Collateral after the expiration of the Forbearance Period. Borrower Parties hereby irrevocably consent to the entry of an order appointing a receiver and shall execute any and all additional documents necessary to commence or complete a foreclosure proceeding and effectuate the

immediate appointment of a receiver and not to oppose, contest, challenge or otherwise defend against the foreclosure proceeding or the entry of the appointment of a receiver.

15. **Costs and Expenses.** In addition to all other costs, fees and expenses for which Borrower Parties remain obligated under the Loan Documents, Borrower Parties shall remain obligated to pay all reasonable costs and expenses incurred or to be incurred by Secured Party in connection with this Agreement and the VSCRA, including, without limitation, the legal fees and disbursements of Secured Party's counsel (collectively, the "**Transaction Costs**"). All such Transaction Costs shall be a portion of the Obligations. None of the Transaction Costs received by Secured Party need be applied by Secured Party to reduce any other Obligations.

The provisions of this Section shall survive the termination of the Forbearance Covenant and this Agreement.

16. **Secured Party Reservation of Rights.** Notwithstanding anything to the contrary set forth in this Agreement, nothing contained in this Agreement shall limit or restrict Secured Party from taking any action that Secured Party may take under the Loan Documents or at law or in equity necessary or appropriate in Secured Party's discretion to preserve, protect or defend the Collateral as against third parties or in anticipation of instituting enforcement actions or exercising other remedies under the Loan Documents upon the termination or expiration of the Forbearance Period.

17. **Full Force and Effect.** The Loan Documents shall remain unmodified and in full force and effect. Except as may be modified by this Agreement during the Forbearance Period, Borrower Parties shall comply with all terms and provisions of the Loan Documents.

18. **No Novation, Modification or Reinstatement of Loan.** This Agreement is not intended to be, and shall not be deemed or construed to be, a reinstatement, novation, modification, amendment, reinstatement, release or waiver of the Loan Documents or any provisions thereof, and shall not be deemed to cure any existing or imminent defaults under the Loan Documents and, except as otherwise expressly provided in this Agreement, Secured Party reserves all of its rights and remedies.

19. **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute one and the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more additional signature pages.

20. **Electronic Execution.** Documents executed, scanned (in .PDF or similar reprographic format), and/or executed (and, as appropriate, witnessed and/or notarized) electronically using electronic signature software (e.g. DocuSign or similar software), or similar methods (each a method of "**Electronic Execution**") and transmitted electronically shall be deemed original signatures for purposes of this Agreement and all matters related thereto, with such Electronic Execution having the same legal and binding effect as original signatures. This Agreement may be accepted, executed or agreed to through the use of an electronic signature in accordance with the Electronic Signatures in Global and National Commerce Act (E-Sign Act), Title 15, United States Code, Sections 7001 et seq., the Uniform Electronic Transaction Act (UETA) and any applicable state law. Any document accepted, executed or agreed to in conformity with such laws will be binding on all parties the same as if it were physically executed and Borrower Parties hereby consent to the use of any third party electronic signature capture service providers as may be chosen by Secured Party. The parties (a) consent to the Electronic Execution of this Agreement and the use of electronic signatures, (b) intend to be bound by the signatures on any document delivered via Electronic Execution; (c) are aware that the other party will rely on such Electronic Execution and

electronic signatures; and (d) waive any defenses to the enforcement of the terms of this Agreement based on Electronic Execution or electronic signatures.

21. **Invalid Provision to Affect No Others.** If any clause or provision operates or would prospectively operate to invalidate this Agreement, in whole or in part, then such clause or provision only shall be deemed deleted, as though not contained, and the remainder of this Agreement, shall remain operative and in full force and effect.

22. **Construction of Agreement; Borrower Parties' Non-Reliance.** Each party hereto acknowledges that such party has participated in the negotiation of this Agreement and the VSCRA, and no provision of this Agreement or the VSCRA shall be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured, dictated or drafted such provision. Each of Borrower Parties has at all times had access to an attorney in the negotiation of the terms of and in the preparation and execution of this Agreement and the VSCRA, and has had the opportunity to review and analyze this Agreement and the VSCRA for a sufficient period of time prior to the execution and delivery thereof. No representations or warranties have been made by or on behalf of Secured Party, or relied upon by Borrower Parties pertaining to the subject matter of this Agreement or the VSCRA, other than those set forth herein or therein. All of the terms of this Agreement and the VSCRA were negotiated at arm's-length, and this Agreement and the VSCRA were prepared and executed without fraud, duress, undue influence or coercion of any kind exerted by any party upon the other. The execution and delivery of this Agreement and the VSCRA is the free and voluntary act of Borrower Parties.

23. **Survival of Provisions.** The covenants, acknowledgments, representations, warranties, waivers, releases, agreements and obligations of Borrower Parties contained in this Agreement shall survive the expiration or termination of this Agreement and the consummation of the transactions contemplated by this Agreement.

24. **Successors or Assigns.** Whenever a party to this Agreement is named or referred to in this Agreement, the heirs, executors, legal representatives, successors, successors-in-title and assigns of such party shall be included. All covenants and agreements in this Agreement shall bind and inure to the benefit of the heirs, executors, legal representatives, successors, successors-in-title and assigns of the parties to this Agreement, whether so expressed or not.

25. **Governing Law.** This Agreement shall be governed, construed, applied and enforced in accordance with the laws of the State of Florida, without giving effect to principles of conflict of laws.

26. **Time is of the Essence.** Time is of the essence of this Agreement.

27. **WAIVER OF TRIAL BY JURY.** The provisions of Section 11(f) of the Security Agreement are hereby incorporated by reference and are applicable to this Agreement.

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Please sign below to acknowledge Borrower Parties' agreement to the above terms.

Very truly yours,

GREEN OPS GROUP LLC,
a Delaware limited liability company

By: 
Name: Brian T Murphy
Title: CFO

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**AGREED TO AND ACCEPTED THIS
19th DAY OF MAY, 2020:**

BORROWER PARTIES:

GGB:

GREEN GROWTH BRANDS INC.,
a corporation formed under the laws of
the province of Ontario

Raymond C. Whitaker III

By: _____

Name: Raymond C. Whitaker III

Title: Authorized Representative

GRANTORS:

GGB GREEN HOLDINGS LLC,
a Delaware limited liability company

By: GGB Holdco, Inc., a Delaware corporation,
its sole member

Raymond C. Whitaker III

By: _____

Name: Raymond C. Whitaker III

Title: Authorized Representative

GGB FLORIDA LLC,
a Delaware limited liability company

By: GGB Green Holdings LLC, a Delaware
limited liability company, its sole member

By: GGB Holdco, Inc., a Delaware
corporation, its sole member

Raymond C. Whitaker III

By: _____

Name: Raymond C. Whitaker III

Title: Authorized Representative

SPRING OAKS GREENHOUSES, INC.,
a Florida corporation

Raymond C. Whitaker III

By: _____

Name: Raymond C. Whitaker III

Title: Authorized Representative

EXHIBIT "A"

CERTAIN EVENTS OF DEFAULT

1. May 2020 rent in the amount of \$15,130.41 plus other applicable amounts are past due under the Lease dated March 3, 2020, between GGB Florida and CAMPUS & MAIN FSU 1, LLC, a Delaware limited liability company, for the property located at 1717 W. Tennessee Street, Tallahassee, FL 32304.
2. May 2020 rent in the amount of \$181,250.00 plus other applicable amounts are past due under the Lease dated October 21, 2019, between Spring Oaks and LCR 14810 94TH AVE LLC, a Delaware limited liability company, for the property located at 14810 NW 94th Ave., Alachua, FL 32615.
3. May 2020 rent in the amount of \$14,055.00 plus other applicable amounts are past due under the Lease dated August 23, 2019, between GGB Florida and GS Fund 1, LLC, a Florida limited liability company, for the property located at 1910 SE Federal Highway, Stuart, FL 34994.
4. May 2020 rent in the amount of \$10,000.00 plus other applicable amounts are past due under the Leases dated November 18, 2018 and May 15, 2019, between Green Growth Brands Realty, LLC, a Florida limited liability company, and Elysee Investment Company of Miami Beach II Inc., a Florida corporation, for the property located at 6958-6962 Collins Ave., Miami Beach, FL 33141, as amended, and as assigned to Spring Oaks.
5. GGB is in default of its obligations to pay the interest and principal due under the debentures provided for under the Indenture, and such default constitutes an Event of Default under Section 7(f) of the Security Agreement.

EXHIBIT “B”

VSCRA

[Attached]

VOLUNTARY SURRENDER OF COLLATERAL IN SATISFACTION OF DEBT AND RELEASE AGREEMENT

This **VOLUNTARY SURRENDER OF COLLATERAL IN SATISFACTION OF DEBT AND RELEASE AGREEMENT** (“**Agreement**”) is entered into as of May 19, 2020 (“**Execution Date**”), by and among GGB GREEN HOLDINGS LLC, a Delaware limited liability company (“**GGB Green**”), GGB FLORIDA LLC, a Delaware limited liability company (“**GGB Florida**”), and SPRING OAKS GREENHOUSES, INC., a Florida corporation (“**Spring Oaks**”, and together with GGB Green and GGB Florida, collectively, “**Grantors**”), and GREEN OPS GROUP LLC, a Delaware limited liability company (“**Secured Party**”), and acknowledged and agreed to by Green Growth Brands Inc., a corporation formed under the laws of the province of Ontario (“**GGB**”, and together with Grantors, collectively “**Borrower Parties**”). Each of Borrower Parties and Secured Party shall each be referred to herein as a “**Party**,” and collectively as the “**Parties**.”

WHEREAS, Grantors are party to that certain Amended and Restated Security Agreement dated as of April 29, 2020 (the “**Security Agreement**”) and the other Loan Documents (as defined in the Security Agreement; all capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Security Agreement), originally in favor of STANLEY W. HARRIS, a Florida resident, as the representative of each seller under that certain Share Purchase Agreement dated as of June 3, 2019 (“**Original Secured Party**”), by and among Original Secured Party, GGB, and the other parties set forth therein, as acknowledged and agreed to by GGB;

WHEREAS, all of Original Secured Party’s right, title, and interest in and to the Loan Documents has been absolutely and unconditionally assigned by Original Secured Party to Secured Party;

WHEREAS, in connection with the Forbearance Events, Borrower Parties and Secured Party have entered into that certain Forbearance Letter Agreement (the “**Forbearance Agreement**”) dated as of the Execution Date, whereby Borrower Parties have requested, and Secured Party has agreed, to provide the Forbearance Covenant during the Forbearance Period (as such terms are defined in the Forbearance Agreement);

WHEREAS, as of the Execution Date, the Forbearance Agreement and each of the Loan Documents are in full force and effect and are valid, binding, and enforceable against the Borrower Parties in accordance with their respective terms;

WHEREAS, the current outstanding Obligations include principal of the Notes in the amount of \$18,200,000, plus accrued interest thereon, plus unpaid costs and expenses;

WHEREAS, the Forbearance Events and the other Specified Events of Default (as defined in the Forbearance Agreement) exist as of the Execution Date; and upon termination of the Forbearance Period and the Forbearance Covenant, when and as set forth in the Forbearance Agreement, are the basis for the exercise by Secured Party of its rights and remedies under the Loan Documents and applicable law; and

WHEREAS, in consideration of, inter alia, the Forbearance Covenant, the Borrower Parties have agreed that if all Obligations have not been indefeasibly paid and satisfied in full upon the date of termination of the Forbearance Period, to satisfy the full amount of the Obligations by Grantors surrendering and conveying or causing to be conveyed to Secured Party, free and clear of all pledges, liens, mortgages, hypothecations, security interests, charges, options or other encumbrances whatsoever (“**Liens**”) and otherwise in accordance with the terms and conditions of this Agreement, the Collateral, or, at Secured Party's sole determination, a portion of the Collateral specified by Secured Party, as follows (collectively referred to as the “**Surrendered Collateral**”): (i) the Pledged Company/GGB Land Shares, (ii) the Pledged Shares, and (iii) the All Assets Collateral, including, at the sole option of Secured Party, the Cannabis Licenses;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Recitals Incorporated. The recitals and prefatory phrases and paragraphs set forth above are hereby incorporated in full, and made a part of, this Agreement.

2. Rules of Construction. All incorporations by reference of provisions from other agreements are incorporated as if such provisions were fully set forth into this Agreement, and include all necessary definitions and related provisions from those other agreements. Unless the context in which it is used otherwise clearly requires, all references to days, weeks and months mean calendar days, weeks and months.

3. Effective Date; Termination.

a. If, upon the date of termination of the Forbearance Period and the Forbearance Covenant pursuant to the Forbearance Agreement, whether the Forbearance Period is terminated as a result of a Termination Event or if the Forbearance Period is not extended by the First Extension Period or the Second Extension Period (as such terms are defined in the Forbearance Agreement), as the case may be (the “**Forbearance Termination Date**”), all Obligations have not upon such date been indefeasibly paid and satisfied in full, by payment to Secured Party of the proceeds of the sale, if any, pursuant to the Sale Agreement (as such term is defined in the Forbearance Agreement), or otherwise, then upon such date (the “**VSCR Date**”), this Agreement shall, automatically and without further notice by Secured Party to Borrower Parties, be operative and the Parties shall thereupon pay and perform their respective obligations hereunder.

b. Upon all Obligations being indefeasibly paid and satisfied in full, on a date on or prior to the Forbearance Termination Date, by payment to Secured Party of the proceeds of a sale pursuant to the Sale Agreement, or otherwise, this Agreement shall automatically terminate and be of no further force and effect, except as otherwise set forth herein.

4. Voluntary Surrender and Transfer of the Surrendered Collateral to Secured

Party. Pursuant to Section 679-620 of the Florida Statutes and subject to applicable Florida law or regulation related to the Cannabis Licenses, Grantors consent post-default to the voluntary transfer, conveyance and assignment to Secured Party, or its designee (the "**Collateral Recipient**") upon the VSCR Date of, and Grantors voluntarily and irrevocably transfer, convey and assign to the Collateral Recipient upon the VSCR Date, any and all of their legal, equitable and beneficial right, title and interest in and to the Surrendered Collateral, as applicable, free and clear of all Liens, and Grantors further consent post-default that Secured Party's acceptance of the Surrendered Collateral pursuant to the terms of this Agreement shall be in full satisfaction of the Obligations under the Loan Documents. Each of Grantors shall, as soon as practicable on and after the VSCR Date, (i) execute, deliver, and issue, or cause to be executed, delivered and issued, to the Collateral Recipient, as Secured Party may require in its reasonable discretion, such further instruments, certificates, or documents, including, but not limited to, effect the assignment(s) and transfer(s) to the Collateral Recipient of the Pledged Shares and the Pledged Company/GGB Land Shares; and (ii) take such further action, at Grantors' expense, as is necessary for Secured Party to accomplish the prompt transfer, conveyance and assignment of the Surrendered Collateral to the Collateral Recipient contemplated hereby, including but not limited to procuring or obtaining any permits, licenses or other governmental or regulatory approvals required for such transfer, conveyance and assignment of the Surrendered Collateral to the Collateral Recipient, and/or cooperating with Secured Party in accomplishing such realization on the Surrendered Collateral, including, without limitation, the direct or indirect transfer to the Collateral Recipient of Spring Oaks' right, title and interest in and to the Cannabis Licenses.

5. Acceptance of the Surrendered Collateral. Subject to Grantors' fulfillment of their obligations under this Agreement, pursuant to Section 679-620 of the Florida Statutes, Secured Party hereby accepts as of the Vesting Date (as defined below), the Surrendered Collateral from Grantors upon the VSCR Date, including all of Grantors' possession, right, title and interest in and to the Surrendered Collateral, as applicable, in full satisfaction of the Obligations under the Loan Documents.

6. Effect of Transfer and Acceptance of the Surrendered Collateral.

a. After Grantors' strict compliance with Section 4 of this Agreement and upon the ownership of the Surrendered Collateral fully vesting in the Collateral Recipient, in Secured Party's sole determination (the "**Vesting Date**"), Secured Party consents that the transfer and acceptance of the Surrendered Collateral by the Collateral Recipient shall be in full and indefeasible satisfaction of the Obligations, whereupon (i) the Liens upon the Collateral, if any, that remains after the surrender of the Surrendered Collateral pursuant to this Agreement, and the Grantors full compliance with the terms of this Agreement) shall be extinguished, and (ii) the Loan Documents shall be marked satisfied in full (except as to any of their terms that expressly survive termination thereof) and delivered to Borrower Parties.

b. Each of Grantors: (a) agrees that it has received notice sufficient

for compliance with Sections 679-620 and 679-621 of the Florida Statutes and, in the alternative, hereby expressly waives (i) any requirement for receipt of such notice and any right to notification of sale, transfer, conveyance or surrender of the Collateral pursuant to Sections 679-620 and 679-621 of the Florida Statutes or otherwise, and (ii) any remedies, rights, defenses or actions any of Grantors might have as a result of failure to have received such notice; (b) pursuant to Section 679-624 of the Florida Statutes, waives the right to redeem the Collateral under Section 679-623 of the Florida Statutes or otherwise; (c) waives any right to object to the sale, transfer, conveyance or surrender of the Collateral pursuant to Section 679-620 of the Florida Statutes or otherwise; (d) waives any right to sell the Collateral pursuant to Section 679-620 of the Florida Statutes; (e) waives any other right, whether legal or equitable, which any of Grantors may possess in and to the Collateral; and (f) agrees that the transactions contemplated herein are commercially reasonable and made in good faith.

c. Each of Borrower Parties, jointly and severally, acknowledges and agrees that the waivers set forth in this Section and elsewhere in this Agreement constitute material inducement for the agreement of Secured Party to enter into the Forbearance Agreement and this Agreement.

7. Representations, Warranties, Covenants and Further Acknowledgments of each of Grantors. With respect to all periods through and including the Vesting Date and except as otherwise agreed herein, each of Borrower Parties' representations, warranties, and acknowledgements contained in this Agreement are true and correct as of the Vesting Date. Each of Borrower Parties, jointly and severally, represents, warrants, covenants and acknowledges that:

a. Defaults. The Forbearance Events and the other Specified Events of Default occurred and were continuing as of the Execution Date.

b. Loan Documents. The Loan Documents, the Forbearance Agreement, and this Agreement constitute legal, valid and binding agreements and obligations of each of Borrower Parties enforceable in accordance with their terms, and Secured Party upon termination of the Forbearance Covenant and Forbearance Period pursuant to the Forbearance Agreement, is immediately entitled to exercise enforcement rights and remedies under the Loan Documents.

c. Title. Immediately prior to the Vesting Date, Grantors had good and marketable title to the Surrendered Collateral, as applicable, and were the owners of the Surrendered Collateral, as applicable, with the power to convey to Secured Party on the Vesting Date the Surrendered Collateral, free and clear of all Liens.

d. Validity and Priority of Liens. Secured Party has a valid, perfected first priority Lien in and to the Collateral, and no other person or entity has any interest, including a Lien, therein. Each of Borrower Parties agrees that it does not and shall not dispute the validity, priority, enforceability or extent of Secured Party's Liens in and to the Collateral, or in any part thereof, nor from and after the VSCR Date, Secured Party's

entitlement to the immediate possession of the Collateral and/or all or any part of the Obligations, in any judicial, administrative or other proceeding.

e. No Undisclosed Interests. There are no undisclosed Liens in or against the Surrendered Collateral.

f. Authority. Each of Borrower Parties has the requisite power and authority to enter into and to consummate the transactions contemplated by this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the transfer contemplated by it have been duly authorized by all necessary action or resolution on the part of each of Borrower Parties, and no further action is required by any of Borrower Parties for the execution and delivery of this Agreement and the transfer contemplated by it.

g. Validity. Upon the Execution Date, this Agreement will constitute the valid and binding obligation of each of Borrower Parties and will be enforceable against each of Borrower Parties in accordance with its terms.

h. Accuracy of Information. None of the representations or warranties of any of Borrower Parties in this Agreement contains any material untrue statement of fact or omits to state any material fact necessary in order to make any of such representations or warranties, in the context in which made, not misleading.

i. No Duress or Coercion. Each of Borrower Parties have been advised in the negotiation of this Agreement by its own legal counsel, and knowingly and freely has entered into this Agreement without any duress, coercion or undue influence exerted by or on behalf of Secured Party or any affiliate of Secured Party.

j. No Modification. Except as expressly set forth in this Agreement, neither this Agreement, nor any actions taken pursuant to this Agreement nor any discussions between Secured Party and Borrower Parties regarding same is intended to, and shall not be deemed or construed to constitute: (i) a modification, amendment or waiver that would cure the Forbearance Events and the other Specified Events of Default, any other existing Events of Default or any Events of Default that may occur after the Execution Date under the Loan Documents, (ii) a reinstatement, novation or release of the Loan Documents or the Obligations, (iii) an extension of the maturity date under the Loan Documents, or (iv) any modification, amendment or any other waiver of the terms and conditions of the Loan Documents.

8. Indemnification.

a. Each of Borrower Parties hereby, jointly and severally, indemnify, defend, and hold harmless Secured Party against any and all damages asserted against, resulting to, imposed upon, or incurred or suffered by Secured Party, directly or indirectly, as a result of or arising from or in connection with, any of the following (the “**Indemnity Claims**”):

(i) Any material inaccuracy in or breach or non-fulfillment of any of the representations, warranties, covenants or agreements made by any of Borrower Parties in this Agreement, or any of the other agreements, instruments or documents executed and delivered by any of Borrower Parties in connection with the transfer contemplated hereby; and

(ii) In the event that any Indemnity Claims arise, Secured Party shall have the right to select counsel, at the expense of any of Borrower Parties, to represent it in connection with any Indemnity Claims, including, but not limited to, in the defense of any action or claim or demand arising from or related to the Surrendered Collateral.

b. This Section shall survive the execution and delivery of this Agreement.

9. Mutual Releases.

a. Release of Secured Party and Others. Upon the Vesting Date, each of Borrower Parties, its affiliates, members, managers, employees, agents, representatives, consultants, attorneys, fiduciaries, servants, officers, directors, partners, predecessors, successors and assigns, subsidiary corporations, parent corporations, as applicable, hereby release, remise, acquit and forever discharge Secured Party and its respective affiliates, employees, agents, representatives, consultants, attorneys, fiduciaries, servants, officers, directors, partners, predecessors, successors and assigns, including any Collateral Recipient, subsidiary corporations or other entities, parent corporations or other entities (all of the foregoing hereinafter called the “**Released Secured Parties**”), from any and all actions and causes of action, judgments, executions, suits, debts, claims, demands, liabilities, obligations, damages and expenses of any and every character, known or unknown, direct and/or indirect, at law or in equity, of whatsoever kind or nature for or because of any matter or things done, omitted or suffered to be done by any of the Released Secured Parties prior to the Vesting Date, and in any way directly or indirectly arising out of or in any way connected to (i) the Loan Documents, (ii) the Obligations, (iii) the Collateral, and (iv) any other agreement or transaction between any of Released Secured Parties and any of Released Borrower Parties (as defined below) concerning matters arising out of or relating to the items set forth in clauses (i) - (iii) above (all of the foregoing hereinafter called the “**Released Matters**”). Borrower Parties, in their own right or on behalf of the other Released Borrower Parties (as defined below), shall not institute or cause or permit to be instituted, or continue prosecution of any suit or other form of action or proceeding of any kind or nature whatsoever, against any of Released Secured Parties by reason of or in connection with any of the Released Matters. Each of Borrower Parties acknowledge that the agreements in this paragraph are intended to be in full satisfaction of all or any alleged injuries or damages arising in connection with the Released Matters. The Released Matters under this Section shall specifically exclude any and all liabilities or obligations of Secured Party arising under this Agreement.

b. Release of Borrower Parties and Others. Subject to the obligations set forth herein, upon the Vesting Date, Secured Party, its respective affiliates, manager, members, employees, agents, representatives, consultants, attorneys, fiduciaries, servants, officers, directors, partners, predecessors, successors and assigns, individually, hereby release, remise, acquit and forever discharge each of Borrower Parties and its employees, agents, representatives, consultants, attorneys, fiduciaries, servants, officers, directors, partners, predecessors, successors and assigns, subsidiary corporations, parent corporations, and related corporate divisions (all of the foregoing hereinafter called the “**Released Borrower Parties**”), from any and all actions and causes of action, judgments, executions, suits, debts, claims, demands, liabilities, obligations, damages and expenses of any and every character, known or unknown, direct and/or indirect, at law or in equity, of whatsoever kind or nature for or because of any matter or things done, omitted or suffered to be done by any of the Released Borrower Parties prior to the Vesting Date, and in any way directly or indirectly arising out of or in any way connected to the Released Matters. Secured Party, in its own right or on behalf of the other Released Secured Parties, shall not institute or cause or permit to be instituted, or continue prosecution of any suit or other form of action or proceeding of any kind or nature whatsoever, against any of Released Borrower Parties by reason of or in connection with any of the Released Matters. Secured Party acknowledges that the agreements in this paragraph are intended to be in full satisfaction of all or any alleged injuries or damages arising in connection with the Released Matters. The Released Matters under this Section shall specifically exclude any and all liabilities or obligations of Borrower Parties arising under (i) this Agreement, (ii) the representations and warranties made in this Agreement, (iii) any Indemnity Claim and (iv) any liability for fraud or willful misconduct arising prior to the date hereof.

The provisions of this Section 9 shall survive the termination of this Agreement.

10. Costs and Expenses. In addition to all other costs, fees and expenses for which Borrower Parties remain obligated under the Loan Documents, Borrower Parties shall remain obligated to pay all costs and expenses incurred or to be incurred by Secured Party in connection with this Agreement, including, without limitation, the legal fees and disbursements of Secured Party’s counsel (collectively, the “**Transaction Costs**”). All such Transaction Costs shall be a portion of the Obligations. None of the Transaction Costs received by Secured Party need be applied by Secured Party to reduce any other Obligations.

The provisions of this Section shall survive the termination of this Agreement.

11. Assurance of No Assignment. Except as otherwise disclosed or permitted herein, each Party represents that it owns and has not assigned or transferred to any other person or entity any or all of its rights, property interests and claims as are being altered, transferred or otherwise affected by this Agreement including, without limitation, the Surrendered Collateral and the claims arising under any of the Released Matters.

12. Authority. Each of the Parties represents and warrants to each other Party

as of the date hereof that: (a) it has the requisite authority and power to enter into this Agreement and the transactions contemplated hereby, and (b) the execution and delivery of this Agreement has been duly authorized and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

13. Covenant of Further Assurances. The Parties covenant and agree that, from and after the execution and delivery of this Agreement, they shall, from time to time, execute, deliver and file any and all documents and instruments as are reasonably necessary or requested by any other Party to implement the terms of this Agreement. The Parties further covenant to provide reasonable access to all books and records related to the Collateral for purposes of effectuating this Agreement.

14. Reaffirmation. Each of Borrower Parties, jointly and severally, confirm to Secured Party that until the Vesting Date, the Obligations are and continue to be secured by the Liens in and to the Collateral granted by each of Borrower Parties in favor of Secured Party under the Loan Documents free and clear of Liens.

15. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given: (a) upon receipt if delivered personally (unless subject to clause (b)) or if mailed by registered or certified mail return receipt requested, postage prepaid; or (b) at noon on the business day after dispatch if sent by a nationally recognized overnight courier at the following addresses (or at such other address for a Party as will be specified by like notice):

If to GGB Green:

GGB Green Holdings LLC
c/o GGB Florida LLC
4300 East Fifth Ave.
Columbus, Ohio 43219
Attn: Legal Department

If to Secured Party:

GREEN OPS GROUP LLC
c/o Boich Companies,
41 South High Street, Suite 3750
South Columbus, Ohio 43215
Attn: Wayne Boich
Fax: (614) 221-0117
Email: wayne@boich.com and sgcoles@tropicsa.com

Each of Borrower Parties, jointly and severally, acknowledge and agree that notice to GGB Green will also constitute notice to all Borrower Parties.

16. Entire Agreement. This Agreement represents the final agreement among the Parties with respect to its subject matter, and may not be contradicted by evidence of

prior or contemporaneous oral agreements among the Parties. There are no oral agreements among the Parties with respect to the subject matter of this Agreement, including the release and waiver provisions, or the Loan Documents.

17. Successors and Assigns. This Agreement shall: (a) be binding on the Parties and their respective successors and assigns; and (b) inure to the benefit of the Parties and their respective successors and assigns.

18. Governing Law. This Agreement shall be governed, construed, applied and enforced in accordance with the law of the State of Florida, without giving effect to principles of conflict of laws.

19. Amendment, Waiver. This Agreement may be amended, modified or waived only in a writing signed by each of the Parties.

20. Good Faith and Consultation with Legal Counsel. This Agreement has been jointly drafted by each of Borrower Parties and Secured Party, and each of Borrower Parties have had access to and the opportunity to consult with independent legal counsel. Each of the Parties acknowledges having read all of the terms of this Agreement and enters into the Agreement voluntarily and without duress.

21. Severability. In the event that any one or more of the provisions of this Agreement shall be for any reason invalid, illegal or unenforceable in any respect, the invalidity, illegality, or unenforceability shall not affect any other provision of the Agreement and such invalid, illegal or unenforceable provision shall be treated as if it had never been contained herein. If any provision of this Agreement is held unenforceable, then such provision will be modified to reflect the Parties' intention.

22. Revival of Obligations. Notwithstanding any other provision of this Agreement, and in the event any of Borrower Parties becomes a debtor in a case under Title 11 of the United States Code or a Canadian or other insolvency or bankruptcy code (the "**Bankruptcy Code**") subject to each of Borrower Parties' respective rights under the Bankruptcy Code, in the event that the transfer of the Collateral, including the Surrendered Collateral, or any part thereof, is subsequently invalidated, declared to be a fraudulent or preferential transfer, set aside and/or required to be repaid to a trustee, receiver or any other party, whether under any bankruptcy law, state or federal law, common law or equitable cause, or otherwise, then the Obligations under the Loan Documents, shall be revived and reinstated and shall continue in full force and effect until Secured Party has received payment in full on such Obligations.

23. Survival of Provisions. The covenants, acknowledgments, representations, warranties, waivers, releases, agreements and obligations of Borrower Parties contained in this Agreement shall survive the termination of this Agreement and/or the consummation of the transactions contemplated by this Agreement.

24. Time is of the Essence. Time is of the essence of this Agreement.

25. WAIVER OF TRIAL BY JURY. The provisions of Section 11(f) of the Security Agreement are hereby incorporated by reference and are applicable to this Agreement.

[Signature pages to follow.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed on their behalf as of the day and year first written above.

SECURED PARTY:

GREEN OPS GROUP LLC,
a Delaware limited liability company

By: 
Name: Brian T Murphy
Title: CFO

[Signatures continue on following page]

GRANTORS:

GGB GREEN HOLDINGS LLC,
a Delaware limited liability company

By: GGB Holdco, Inc., a Delaware corporation,
its sole member

By: *Raymond C. Whitaker III*
Name: Raymond C. Whitaker III
Title: Authorized Representative

GGB FLORIDA LLC,
a Delaware limited liability company

By: GGB Green Holdings LLC, a Delaware limited
liability company, its sole member

By: GGB Holdco, Inc., a Delaware
corporation, its sole member
By: *Raymond C. Whitaker III*
Name: Raymond C. Whitaker III
Title: Authorized Representative

SPRING OAKS GREENHOUSES, INC.,
a Florida corporation

By: *Raymond C. Whitaker III*
Name: Raymond C. Whitaker III
Title: Authorized Representative

[Signatures continue on following page]

**ACKNOWLEDGED AND
AGREED TO BY:**

GGB:

GREEN GROWTH BRANDS INC.,
a corporation formed under the laws of
the province of Ontario

By: *Raymond C. Whitaker III*
Name: Raymond C. Whitaker III
Title: Authorized Representative

VOLUNTARY SURRENDER OF COLLATERAL IN SATISFACTION OF DEBT AND RELEASE AGREEMENT

This **VOLUNTARY SURRENDER OF COLLATERAL IN SATISFACTION OF DEBT AND RELEASE AGREEMENT** (“**Agreement**”) is entered into as of May 19, 2020 (“**Execution Date**”), by and among GGB GREEN HOLDINGS LLC, a Delaware limited liability company (“**GGB Green**”), GGB FLORIDA LLC, a Delaware limited liability company (“**GGB Florida**”), and SPRING OAKS GREENHOUSES, INC., a Florida corporation (“**Spring Oaks**”, and together with GGB Green and GGB Florida, collectively, “**Grantors**”), and GREEN OPS GROUP LLC, a Delaware limited liability company (“**Secured Party**”), and acknowledged and agreed to by Green Growth Brands Inc., a corporation formed under the laws of the province of Ontario (“**GGB**”, and together with Grantors, collectively “**Borrower Parties**”). Each of Borrower Parties and Secured Party shall each be referred to herein as a “**Party**,” and collectively as the “**Parties**.”

WHEREAS, Grantors are party to that certain Amended and Restated Security Agreement dated as of April 29, 2020 (the “**Security Agreement**”) and the other Loan Documents (as defined in the Security Agreement; all capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Security Agreement), originally in favor of STANLEY W. HARRIS, a Florida resident, as the representative of each seller under that certain Share Purchase Agreement dated as of June 3, 2019 (“**Original Secured Party**”), by and among Original Secured Party, GGB, and the other parties set forth therein, as acknowledged and agreed to by GGB;

WHEREAS, all of Original Secured Party’s right, title, and interest in and to the Loan Documents has been absolutely and unconditionally assigned by Original Secured Party to Secured Party;

WHEREAS, in connection with the Forbearance Events, Borrower Parties and Secured Party have entered into that certain Forbearance Letter Agreement (the “**Forbearance Agreement**”) dated as of the Execution Date, whereby Borrower Parties have requested, and Secured Party has agreed, to provide the Forbearance Covenant during the Forbearance Period (as such terms are defined in the Forbearance Agreement);

WHEREAS, as of the Execution Date, the Forbearance Agreement and each of the Loan Documents are in full force and effect and are valid, binding, and enforceable against the Borrower Parties in accordance with their respective terms;

WHEREAS, the current outstanding Obligations include principal of the Notes in the amount of \$18,200,000, plus accrued interest thereon, plus unpaid costs and expenses;

WHEREAS, the Forbearance Events and the other Specified Events of Default (as defined in the Forbearance Agreement) exist as of the Execution Date; and upon termination of the Forbearance Period and the Forbearance Covenant, when and as set forth in the Forbearance Agreement, are the basis for the exercise by Secured Party of its rights and remedies under the Loan Documents and applicable law; and

WHEREAS, in consideration of, inter alia, the Forbearance Covenant, the Borrower Parties have agreed that if all Obligations have not been indefeasibly paid and satisfied in full upon the date of termination of the Forbearance Period, to satisfy the full amount of the Obligations by Grantors surrendering and conveying or causing to be conveyed to Secured Party, free and clear of all pledges, liens, mortgages, hypothecations, security interests, charges, options or other encumbrances whatsoever (“**Liens**”) and otherwise in accordance with the terms and conditions of this Agreement, the Collateral, or, at Secured Party's sole determination, a portion of the Collateral specified by Secured Party, as follows (collectively referred to as the “**Surrendered Collateral**”): (i) the Pledged Company/GGB Land Shares, (ii) the Pledged Shares, and (iii) the All Assets Collateral, including, at the sole option of Secured Party, the Cannabis Licenses;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Recitals Incorporated. The recitals and prefatory phrases and paragraphs set forth above are hereby incorporated in full, and made a part of, this Agreement.

2. Rules of Construction. All incorporations by reference of provisions from other agreements are incorporated as if such provisions were fully set forth into this Agreement, and include all necessary definitions and related provisions from those other agreements. Unless the context in which it is used otherwise clearly requires, all references to days, weeks and months mean calendar days, weeks and months.

3. Effective Date; Termination.

a. If, upon the date of termination of the Forbearance Period and the Forbearance Covenant pursuant to the Forbearance Agreement, whether the Forbearance Period is terminated as a result of a Termination Event or if the Forbearance Period is not extended by the First Extension Period or the Second Extension Period (as such terms are defined in the Forbearance Agreement), as the case may be (the “**Forbearance Termination Date**”), all Obligations have not upon such date been indefeasibly paid and satisfied in full, by payment to Secured Party of the proceeds of the sale, if any, pursuant to the Sale Agreement (as such term is defined in the Forbearance Agreement), or otherwise, then upon such date (the “**VSCR Date**”), this Agreement shall, automatically and without further notice by Secured Party to Borrower Parties, be operative and the Parties shall thereupon pay and perform their respective obligations hereunder.

b. Upon all Obligations being indefeasibly paid and satisfied in full, on a date on or prior to the Forbearance Termination Date, by payment to Secured Party of the proceeds of a sale pursuant to the Sale Agreement, or otherwise, this Agreement shall automatically terminate and be of no further force and effect, except as otherwise set forth herein.

4. Voluntary Surrender and Transfer of the Surrendered Collateral to Secured

Party. Pursuant to Section 679-620 of the Florida Statutes and subject to applicable Florida law or regulation related to the Cannabis Licenses, Grantors consent post-default to the voluntary transfer, conveyance and assignment to Secured Party, or its designee (the "**Collateral Recipient**") upon the VSCR Date of, and Grantors voluntarily and irrevocably transfer, convey and assign to the Collateral Recipient upon the VSCR Date, any and all of their legal, equitable and beneficial right, title and interest in and to the Surrendered Collateral, as applicable, free and clear of all Liens, and Grantors further consent post-default that Secured Party's acceptance of the Surrendered Collateral pursuant to the terms of this Agreement shall be in full satisfaction of the Obligations under the Loan Documents. Each of Grantors shall, as soon as practicable on and after the VSCR Date, (i) execute, deliver, and issue, or cause to be executed, delivered and issued, to the Collateral Recipient, as Secured Party may require in its reasonable discretion, such further instruments, certificates, or documents, including, but not limited to, effect the assignment(s) and transfer(s) to the Collateral Recipient of the Pledged Shares and the Pledged Company/GGB Land Shares; and (ii) take such further action, at Grantors' expense, as is necessary for Secured Party to accomplish the prompt transfer, conveyance and assignment of the Surrendered Collateral to the Collateral Recipient contemplated hereby, including but not limited to procuring or obtaining any permits, licenses or other governmental or regulatory approvals required for such transfer, conveyance and assignment of the Surrendered Collateral to the Collateral Recipient, and/or cooperating with Secured Party in accomplishing such realization on the Surrendered Collateral, including, without limitation, the direct or indirect transfer to the Collateral Recipient of Spring Oaks' right, title and interest in and to the Cannabis Licenses.

5. Acceptance of the Surrendered Collateral. Subject to Grantors' fulfillment of their obligations under this Agreement, pursuant to Section 679-620 of the Florida Statutes, Secured Party hereby accepts as of the Vesting Date (as defined below), the Surrendered Collateral from Grantors upon the VSCR Date, including all of Grantors' possession, right, title and interest in and to the Surrendered Collateral, as applicable, in full satisfaction of the Obligations under the Loan Documents.

6. Effect of Transfer and Acceptance of the Surrendered Collateral.

a. After Grantors' strict compliance with Section 4 of this Agreement and upon the ownership of the Surrendered Collateral fully vesting in the Collateral Recipient, in Secured Party's sole determination (the "**Vesting Date**"), Secured Party consents that the transfer and acceptance of the Surrendered Collateral by the Collateral Recipient shall be in full and indefeasible satisfaction of the Obligations, whereupon (i) the Liens upon the Collateral, if any, that remains after the surrender of the Surrendered Collateral pursuant to this Agreement, and the Grantors full compliance with the terms of this Agreement) shall be extinguished, and (ii) the Loan Documents shall be marked satisfied in full (except as to any of their terms that expressly survive termination thereof) and delivered to Borrower Parties.

b. Each of Grantors: (a) agrees that it has received notice sufficient

for compliance with Sections 679-620 and 679-621 of the Florida Statutes and, in the alternative, hereby expressly waives (i) any requirement for receipt of such notice and any right to notification of sale, transfer, conveyance or surrender of the Collateral pursuant to Sections 679-620 and 679-621 of the Florida Statutes or otherwise, and (ii) any remedies, rights, defenses or actions any of Grantors might have as a result of failure to have received such notice; (b) pursuant to Section 679-624 of the Florida Statutes, waives the right to redeem the Collateral under Section 679-623 of the Florida Statutes or otherwise; (c) waives any right to object to the sale, transfer, conveyance or surrender of the Collateral pursuant to Section 679-620 of the Florida Statutes or otherwise; (d) waives any right to sell the Collateral pursuant to Section 679-620 of the Florida Statutes; (e) waives any other right, whether legal or equitable, which any of Grantors may possess in and to the Collateral; and (f) agrees that the transactions contemplated herein are commercially reasonable and made in good faith.

c. Each of Borrower Parties, jointly and severally, acknowledges and agrees that the waivers set forth in this Section and elsewhere in this Agreement constitute material inducement for the agreement of Secured Party to enter into the Forbearance Agreement and this Agreement.

7. Representations, Warranties, Covenants and Further Acknowledgments of each of Grantors. With respect to all periods through and including the Vesting Date and except as otherwise agreed herein, each of Borrower Parties' representations, warranties, and acknowledgements contained in this Agreement are true and correct as of the Vesting Date. Each of Borrower Parties, jointly and severally, represents, warrants, covenants and acknowledges that:

a. Defaults. The Forbearance Events and the other Specified Events of Default occurred and were continuing as of the Execution Date.

b. Loan Documents. The Loan Documents, the Forbearance Agreement, and this Agreement constitute legal, valid and binding agreements and obligations of each of Borrower Parties enforceable in accordance with their terms, and Secured Party upon termination of the Forbearance Covenant and Forbearance Period pursuant to the Forbearance Agreement, is immediately entitled to exercise enforcement rights and remedies under the Loan Documents.

c. Title. Immediately prior to the Vesting Date, Grantors had good and marketable title to the Surrendered Collateral, as applicable, and were the owners of the Surrendered Collateral, as applicable, with the power to convey to Secured Party on the Vesting Date the Surrendered Collateral, free and clear of all Liens.

d. Validity and Priority of Liens. Secured Party has a valid, perfected first priority Lien in and to the Collateral, and no other person or entity has any interest, including a Lien, therein. Each of Borrower Parties agrees that it does not and shall not dispute the validity, priority, enforceability or extent of Secured Party's Liens in and to the Collateral, or in any part thereof, nor from and after the VSCR Date, Secured Party's

entitlement to the immediate possession of the Collateral and/or all or any part of the Obligations, in any judicial, administrative or other proceeding.

e. No Undisclosed Interests. There are no undisclosed Liens in or against the Surrendered Collateral.

f. Authority. Each of Borrower Parties has the requisite power and authority to enter into and to consummate the transactions contemplated by this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the transfer contemplated by it have been duly authorized by all necessary action or resolution on the part of each of Borrower Parties, and no further action is required by any of Borrower Parties for the execution and delivery of this Agreement and the transfer contemplated by it.

g. Validity. Upon the Execution Date, this Agreement will constitute the valid and binding obligation of each of Borrower Parties and will be enforceable against each of Borrower Parties in accordance with its terms.

h. Accuracy of Information. None of the representations or warranties of any of Borrower Parties in this Agreement contains any material untrue statement of fact or omits to state any material fact necessary in order to make any of such representations or warranties, in the context in which made, not misleading.

i. No Duress or Coercion. Each of Borrower Parties have been advised in the negotiation of this Agreement by its own legal counsel, and knowingly and freely has entered into this Agreement without any duress, coercion or undue influence exerted by or on behalf of Secured Party or any affiliate of Secured Party.

j. No Modification. Except as expressly set forth in this Agreement, neither this Agreement, nor any actions taken pursuant to this Agreement nor any discussions between Secured Party and Borrower Parties regarding same is intended to, and shall not be deemed or construed to constitute: (i) a modification, amendment or waiver that would cure the Forbearance Events and the other Specified Events of Default, any other existing Events of Default or any Events of Default that may occur after the Execution Date under the Loan Documents, (ii) a reinstatement, novation or release of the Loan Documents or the Obligations, (iii) an extension of the maturity date under the Loan Documents, or (iv) any modification, amendment or any other waiver of the terms and conditions of the Loan Documents.

8. Indemnification.

a. Each of Borrower Parties hereby, jointly and severally, indemnify, defend, and hold harmless Secured Party against any and all damages asserted against, resulting to, imposed upon, or incurred or suffered by Secured Party, directly or indirectly, as a result of or arising from or in connection with, any of the following (the “**Indemnity Claims**”):

(i) Any material inaccuracy in or breach or non-fulfillment of any of the representations, warranties, covenants or agreements made by any of Borrower Parties in this Agreement, or any of the other agreements, instruments or documents executed and delivered by any of Borrower Parties in connection with the transfer contemplated hereby; and

(ii) In the event that any Indemnity Claims arise, Secured Party shall have the right to select counsel, at the expense of any of Borrower Parties, to represent it in connection with any Indemnity Claims, including, but not limited to, in the defense of any action or claim or demand arising from or related to the Surrendered Collateral.

b. This Section shall survive the execution and delivery of this Agreement.

9. Mutual Releases.

a. Release of Secured Party and Others. Upon the Vesting Date, each of Borrower Parties, its affiliates, members, managers, employees, agents, representatives, consultants, attorneys, fiduciaries, servants, officers, directors, partners, predecessors, successors and assigns, subsidiary corporations, parent corporations, as applicable, hereby release, remise, acquit and forever discharge Secured Party and its respective affiliates, employees, agents, representatives, consultants, attorneys, fiduciaries, servants, officers, directors, partners, predecessors, successors and assigns, including any Collateral Recipient, subsidiary corporations or other entities, parent corporations or other entities (all of the foregoing hereinafter called the “**Released Secured Parties**”), from any and all actions and causes of action, judgments, executions, suits, debts, claims, demands, liabilities, obligations, damages and expenses of any and every character, known or unknown, direct and/or indirect, at law or in equity, of whatsoever kind or nature for or because of any matter or things done, omitted or suffered to be done by any of the Released Secured Parties prior to the Vesting Date, and in any way directly or indirectly arising out of or in any way connected to (i) the Loan Documents, (ii) the Obligations, (iii) the Collateral, and (iv) any other agreement or transaction between any of Released Secured Parties and any of Released Borrower Parties (as defined below) concerning matters arising out of or relating to the items set forth in clauses (i) - (iii) above (all of the foregoing hereinafter called the “**Released Matters**”). Borrower Parties, in their own right or on behalf of the other Released Borrower Parties (as defined below), shall not institute or cause or permit to be instituted, or continue prosecution of any suit or other form of action or proceeding of any kind or nature whatsoever, against any of Released Secured Parties by reason of or in connection with any of the Released Matters. Each of Borrower Parties acknowledge that the agreements in this paragraph are intended to be in full satisfaction of all or any alleged injuries or damages arising in connection with the Released Matters. The Released Matters under this Section shall specifically exclude any and all liabilities or obligations of Secured Party arising under this Agreement.

b. Release of Borrower Parties and Others. Subject to the obligations set forth herein, upon the Vesting Date, Secured Party, its respective affiliates, manager, members, employees, agents, representatives, consultants, attorneys, fiduciaries, servants, officers, directors, partners, predecessors, successors and assigns, individually, hereby release, remise, acquit and forever discharge each of Borrower Parties and its employees, agents, representatives, consultants, attorneys, fiduciaries, servants, officers, directors, partners, predecessors, successors and assigns, subsidiary corporations, parent corporations, and related corporate divisions (all of the foregoing hereinafter called the “**Released Borrower Parties**”), from any and all actions and causes of action, judgments, executions, suits, debts, claims, demands, liabilities, obligations, damages and expenses of any and every character, known or unknown, direct and/or indirect, at law or in equity, of whatsoever kind or nature for or because of any matter or things done, omitted or suffered to be done by any of the Released Borrower Parties prior to the Vesting Date, and in any way directly or indirectly arising out of or in any way connected to the Released Matters. Secured Party, in its own right or on behalf of the other Released Secured Parties, shall not institute or cause or permit to be instituted, or continue prosecution of any suit or other form of action or proceeding of any kind or nature whatsoever, against any of Released Borrower Parties by reason of or in connection with any of the Released Matters. Secured Party acknowledges that the agreements in this paragraph are intended to be in full satisfaction of all or any alleged injuries or damages arising in connection with the Released Matters. The Released Matters under this Section shall specifically exclude any and all liabilities or obligations of Borrower Parties arising under (i) this Agreement, (ii) the representations and warranties made in this Agreement, (iii) any Indemnity Claim and (iv) any liability for fraud or willful misconduct arising prior to the date hereof.

The provisions of this Section 9 shall survive the termination of this Agreement.

10. Costs and Expenses. In addition to all other costs, fees and expenses for which Borrower Parties remain obligated under the Loan Documents, Borrower Parties shall remain obligated to pay all costs and expenses incurred or to be incurred by Secured Party in connection with this Agreement, including, without limitation, the legal fees and disbursements of Secured Party’s counsel (collectively, the “**Transaction Costs**”). All such Transaction Costs shall be a portion of the Obligations. None of the Transaction Costs received by Secured Party need be applied by Secured Party to reduce any other Obligations.

The provisions of this Section shall survive the termination of this Agreement.

11. Assurance of No Assignment. Except as otherwise disclosed or permitted herein, each Party represents that it owns and has not assigned or transferred to any other person or entity any or all of its rights, property interests and claims as are being altered, transferred or otherwise affected by this Agreement including, without limitation, the Surrendered Collateral and the claims arising under any of the Released Matters.

12. Authority. Each of the Parties represents and warrants to each other Party

as of the date hereof that: (a) it has the requisite authority and power to enter into this Agreement and the transactions contemplated hereby, and (b) the execution and delivery of this Agreement has been duly authorized and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

13. Covenant of Further Assurances. The Parties covenant and agree that, from and after the execution and delivery of this Agreement, they shall, from time to time, execute, deliver and file any and all documents and instruments as are reasonably necessary or requested by any other Party to implement the terms of this Agreement. The Parties further covenant to provide reasonable access to all books and records related to the Collateral for purposes of effectuating this Agreement.

14. Reaffirmation. Each of Borrower Parties, jointly and severally, confirm to Secured Party that until the Vesting Date, the Obligations are and continue to be secured by the Liens in and to the Collateral granted by each of Borrower Parties in favor of Secured Party under the Loan Documents free and clear of Liens.

15. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given: (a) upon receipt if delivered personally (unless subject to clause (b)) or if mailed by registered or certified mail return receipt requested, postage prepaid; or (b) at noon on the business day after dispatch if sent by a nationally recognized overnight courier at the following addresses (or at such other address for a Party as will be specified by like notice):

If to GGB Green:

GGB Green Holdings LLC
c/o GGB Florida LLC
4300 East Fifth Ave.
Columbus, Ohio 43219
Attn: Legal Department

If to Secured Party:

GREEN OPS GROUP LLC
c/o Boich Companies,
41 South High Street, Suite 3750
South Columbus, Ohio 43215
Attn: Wayne Boich
Fax: (614) 221-0117
Email: wayne@boich.com and sgcoles@tropicsa.com

Each of Borrower Parties, jointly and severally, acknowledge and agree that notice to GGB Green will also constitute notice to all Borrower Parties.

16. Entire Agreement. This Agreement represents the final agreement among the Parties with respect to its subject matter, and may not be contradicted by evidence of

prior or contemporaneous oral agreements among the Parties. There are no oral agreements among the Parties with respect to the subject matter of this Agreement, including the release and waiver provisions, or the Loan Documents.

17. Successors and Assigns. This Agreement shall: (a) be binding on the Parties and their respective successors and assigns; and (b) inure to the benefit of the Parties and their respective successors and assigns.

18. Governing Law. This Agreement shall be governed, construed, applied and enforced in accordance with the law of the State of Florida, without giving effect to principles of conflict of laws.

19. Amendment, Waiver. This Agreement may be amended, modified or waived only in a writing signed by each of the Parties.

20. Good Faith and Consultation with Legal Counsel. This Agreement has been jointly drafted by each of Borrower Parties and Secured Party, and each of Borrower Parties have had access to and the opportunity to consult with independent legal counsel. Each of the Parties acknowledges having read all of the terms of this Agreement and enters into the Agreement voluntarily and without duress.

21. Severability. In the event that any one or more of the provisions of this Agreement shall be for any reason invalid, illegal or unenforceable in any respect, the invalidity, illegality, or unenforceability shall not affect any other provision of the Agreement and such invalid, illegal or unenforceable provision shall be treated as if it had never been contained herein. If any provision of this Agreement is held unenforceable, then such provision will be modified to reflect the Parties' intention.

22. Revival of Obligations. Notwithstanding any other provision of this Agreement, and in the event any of Borrower Parties becomes a debtor in a case under Title 11 of the United States Code or a Canadian or other insolvency or bankruptcy code (the "**Bankruptcy Code**") subject to each of Borrower Parties' respective rights under the Bankruptcy Code, in the event that the transfer of the Collateral, including the Surrendered Collateral, or any part thereof, is subsequently invalidated, declared to be a fraudulent or preferential transfer, set aside and/or required to be repaid to a trustee, receiver or any other party, whether under any bankruptcy law, state or federal law, common law or equitable cause, or otherwise, then the Obligations under the Loan Documents, shall be revived and reinstated and shall continue in full force and effect until Secured Party has received payment in full on such Obligations.

23. Survival of Provisions. The covenants, acknowledgments, representations, warranties, waivers, releases, agreements and obligations of Borrower Parties contained in this Agreement shall survive the termination of this Agreement and/or the consummation of the transactions contemplated by this Agreement.

24. Time is of the Essence. Time is of the essence of this Agreement.

25. WAIVER OF TRIAL BY JURY. The provisions of Section 11(f) of the Security Agreement are hereby incorporated by reference and are applicable to this Agreement.

[Signature pages to follow.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed on their behalf as of the day and year first written above.

SECURED PARTY:

GREEN OPS GROUP LLC,
a Delaware limited liability company

By: 
Name: Brian T Murphy
Title: CFO

[Signatures continue on following page]

GRANTORS:

GGB GREEN HOLDINGS LLC,
a Delaware limited liability company

By: GGB Holdco, Inc., a Delaware corporation,
its sole member

Raymond C. Whitaker III
By: _____
Name: Raymond C. Whitaker III
Title: Authorized Representative

GGB FLORIDA LLC,
a Delaware limited liability company

By: GGB Green Holdings LLC, a Delaware limited
liability company, its sole member

By: GGB Holdco, Inc., a Delaware
corporation, its sole member
Raymond C. Whitaker III
By: _____
Name: Raymond C. Whitaker III
Title: Authorized Representative

SPRING OAKS GREENHOUSES, INC.,
a Florida corporation

Raymond C. Whitaker III
By: _____
Name: Raymond C. Whitaker III
Title: Authorized Representative

[Signatures continue on following page]

**ACKNOWLEDGED AND
AGREED TO BY:**

GGB:

GREEN GROWTH BRANDS INC.,
a corporation formed under the laws of
the province of Ontario

By: *Raymond C. Whitaker III*
Name: Raymond C. Whitaker III
Title: Authorized Representative

Exhibit Q

EXHIBIT "Q"

referred to in the Affidavit of

RAYMOND C. WHITAKER III

Sworn May 19, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

PROMISSORY NOTE

U.S. \$5,000,000.00

Note Effective Date: July 8, 2019

1. Principal, Interest and Payments.

1.1 Obligation to Pay. For value received, the undersigned, GGB Beauty LLC, a Delaware limited liability company (“Maker”), hereby promises to pay to MXY Holdings LLC, a Delaware limited liability company (“Holder”), the principal amount of U.S. \$5,000,000.00 (“Principal”), plus interest in accordance with Section 1.2 below. The unpaid Principal and any accrued but unpaid interest shall become due and payable on the earlier of (a) subject to the set-off provided in Section 4.4 of this Note, the date of the valid termination or expiration of that certain Securities Acquisition and Contribution Agreement, dated on or about the date hereof, among Holder, Green Growth Brands Inc., an Ontario corporation (the “Guarantor”), and the other parties thereto (the “Acquisition Agreement”), or (b) three (3) years after the Note Effective Date (such date, the “Maturity Date”).

1.2 Interest Rate; Payments. Subject to Section 3.2, interest shall accrue on the outstanding principal amount hereunder commencing on the Note Effective Date at a simple annual rate equal to six percent (6%). During the term of this Note, all Principal and all accrued interest thereon shall be due and payable in full on the Maturity Date. The outstanding Principal amount under this Note, and all interest under this Note, shall be due and payable by the Maker in lawful money of the United States of America and in immediately available funds.

1.3 Application of Payments. Payments received will be applied first to fully pay costs and expenses incurred by Holder in collecting this Note, then to fully pay accrued interest and the remainder will be applied to Principal.

1.4 Repayment and Prepayment.

(a) Unless payment is otherwise required or made earlier in accordance with the terms and conditions of this Note, the outstanding Principal amount together with any accrued and unpaid interest thereon shall be due and payable in a single installment, on the Maturity Date.

(b) The Maker shall have the right to prepay the Principal, in whole or in part, together with any accrued and unpaid interest thereon, at any time without penalty and upon such prepayment the outstanding Principal amount shall be reduced accordingly.

2. Guaranty. This obligations under this Note are guaranteed by Guarantor pursuant to that certain Guaranty, dated on or about the date hereof, as the same may be amended from time to time.

3. Default.

3.1 Events of Default. The occurrence of any of the following constitutes an “Event of Default” hereunder: (a) Maker fails to make any payments due hereunder within five (5) business days after the due date thereof; (b) Maker or Guarantor voluntarily dissolves, liquidates or terminates operations; applies for or consents to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of Maker or Guarantor of all or of substantially all of Maker’s Guarantor’s assets, respectively; (c) a trustee, liquidator, assignee, custodian or receiver (or similar official) being appointed for Maker or Guarantor or for a substantial part of the property or business of either without such party’s consent and is not discharged within sixty (60) days after such appointment, or any writ or

warrant of attachment, or similar process is entered or filed against Maker or Guarantor or any of the properties or other assets of either and is not vacated, bonded or stayed within the earlier of a period of thirty (30) days from such entry or filing, or before five (5) business days prior to the date of any proposed sale thereunder; (d) a bankruptcy, reorganization, insolvency or liquidation case or petition or other case for relief of debtors is commenced or filed by or against Maker or Guarantor and, if instituted against Maker or Guarantor either the case is not dismissed within sixty (60) days after such institution, or Maker or Guarantor, as the case may be, by any action or answer approves of, consents to, or acquiesces in any such case or admits the material allegations of, or defaults in answering a petition filed in such case; or (e) the sale, transfer or other disposition (whether by merger, consolidation or otherwise) of all or substantially all (whether voluntary, by operation of law or otherwise) of the (i) membership interests or other securities of Maker or to Persons other than the then current members or any affiliates of the Maker, of (ii) assets of Maker or Guarantor.

3.2 Holder's Actions Upon Default; Default Interest Rate. If an Event of Default occurs and is continuing, then the Holder may declare this Note to be due and payable immediately. For so long as an Event of Default is continuing, at the option of the Holder, Principal (and/or interest is past due) shall bear interest at the rate of fifteen percent (15%) per annum, provided Holder has accelerated payment of this Note and provided Maker written notice thereof.

4. General Provisions.

4.1 Notices. Unless otherwise provided in this Note, any notice to Holder or Maker hereunder must be in writing and is deemed given when actually delivered either (a) personally (including by reputable courier service), or (b) by email, with confirmation of receipt, and with hardcopy sent concurrently by next-business day courier service or priority mail, to the addresses set forth in the Acquisition Agreement, for Sellers (in the case of Holder) and Purchaser (in the case of Maker), including additional notice parties set forth therein (or other names and addresses designated by Holder or Maker from time to time), except that the Holder may, without the consent of the Maker, assign this Note to any affiliate of the Holder and during the continuance of any Event of Default, to any other party.

4.2 Successors and Assigns. The rights and obligations of Maker and Holder under this Note will bind and benefit their respective successors and permitted assigns. Neither this Note nor any rights, interests or obligations hereunder may be assigned or otherwise transferred by either Maker or Holder, by operation of law or otherwise, in whole or in part, without the other's prior written consent, which consent may be withheld by such other party in its sole and absolute discretion.

4.3 Amendment and Waiver.

(a) The terms of this Note may be amended only with the written consent of Maker and Holder and any existing default of Maker may be waived only with the written consent of Holder.

(b) Except as set forth in Section 4.3(a) above, this Note and any provision hereof may be waived only in writing by the party against which enforcement of such waiver is sought. Delay or failure by Holder to exercise any right may not be construed as waiver of such or any other right, nor will a waiver by Holder of a breach or provision constitute a continuing waiver or a waiver of any other breach or provision. Maker and all endorser of this Note hereby waive diligence, demand, presentment, notice of non-performance, protest, notice of protest, notice of dishonor and all other notices or demands of any kind relative to this Note other than those specifically required from Holder by the terms of this Note.

4.4 Set-Off. Maker agrees to make all payments hereunder subject to no set-off, counterclaim, defense, or deduction, except that this Note is made with the express understanding that if

any Company Termination Fee (as defined in the Acquisition Agreement) becomes payable by the Holder or any affiliate thereof to the Maker, Guarantor, or any affiliate thereof under the Acquisition Agreement, the outstanding Principal amount under this Note, and all interest under this Note shall be set-off against the amount of such Company Termination Fee owed by the Holder or any affiliate thereof, and such portion of the Company Termination Fee equal to the outstanding balance under this Note as of such set-off shall be deemed discharged and satisfied, all related taxes arising therefrom to be borne by Maker.

4.5 Governing Law; Jurisdiction; Waiver. This Note shall be governed by and construed in accordance with the domestic laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware. Any and all actions arising under or in respect of this Note shall be litigated exclusively in the same courts as are provided under the Purchase Agreement with respect to actions or proceedings arising thereunder. Maker and Holder each irrevocably submits to the personal and exclusive jurisdiction of such courts for itself, and in respect of its property with respect to such action and such courts shall be the sole and exclusive jurisdiction over such actions. Maker and Holder agree that venue would be proper in any of such courts, and hereby waive any objection that any such court is an improper and inconvenient forum for the resolution of any such action. THE UNDERSIGNED HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH, THIS NOTE.

4.6 Usury. Nothing herein contained, nor any transaction related hereto, shall be construed or so operate as to require Maker to pay interest at a greater rate than is now lawful in such case to contract for, or to make any payment, or to do any act contrary to law. Should any interest or other charges paid by Maker, or parties liable for the payment of this Note, in connection with the loan evidenced by this Note, or any document delivered in connection with said loan, result in the computation or earning of interest in excess of the maximum legal rate of interest which is legally permitted by law, then any and all such excess shall be and the same is hereby waived by Holder, and any and all such excess shall be automatically credited against and in reduction of the balance due under this Note, and the portion of said excess which exceeds the balance due under this Note shall be paid by Holder to Maker.

4.7 Interpretation. All headings used herein are used for convenience only and shall not be used to construe or interpret this Note. All references in this Note to sections and exhibits shall, unless otherwise provided, refer to sections hereof and exhibits attached hereto, all of which exhibits are incorporated herein by this reference. If any provision or portion of this Note is determined to be invalid or unenforceable, this Note will automatically be amended to substitute, for the invalid or unenforceable provisions, new enforceable provisions which most closely approximate the intent and economic effect of the invalid provisions, and the remaining provisions will, as so amended, continue in full force and effect. No representation, warranty or disclosure given by Maker in connection with this Note or this transaction will be affected by any investigation or lack of investigation by Holder. This Note shall not be interpreted for or against Holder or Maker on the basis of which party's counsel prepared such document.

4.8 Attorneys' Fees. If Holder shall employ legal counsel to enforce any term or provision hereof or in connection herewith after the Note Effective Date, whether or not suit or litigation is commenced, such reasonable attorneys' fees and other legal expenses and costs shall be payable by Maker to Holder upon demand.

4.9 Documentary Stamp Tax. Maker shall be solely responsible for documentary stamp taxes, if any, payable with respect to this Note.

4.10 Time of Essence. Time is of the essence for all time periods specified or referred to in this Note.

[Signature Page Follows]

PROMISSORY NOTE

IN WITNESS WHEREOF, Maker has caused this Note to be signed in its name, by its duly authorized representative, as of the Note Effective Date.

MAKER

GGB BEAUTY LLC

By: _____

Name: Peter Horvath
Title: President

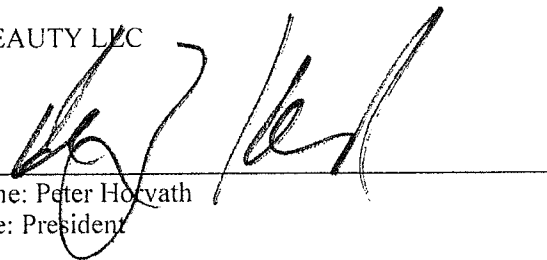
A handwritten signature in black ink, appearing to read 'Peter Horvath', is written over a horizontal line. The signature is stylized and cursive.

Exhibit R

EXHIBIT "R"

referred to in the Affidavit of

RAYMOND C. WHITAKER III

Sworn May 19, 2020

DocuSigned by:

Sanja Sopic

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Commissioner for Taking Affidavits

GUARANTY

(Green Growth Brands Inc.)

THIS GUARANTY, dated as of July 8, 2019, is made and given by Green Growth Brands Inc., an Ontario corporation (the “Guarantor”), in favor of MXY Holdings LLC, a Delaware limited liability company (the “Lender”).

RECITALS

A. The Lender has agreed to loan U.S. \$5,000,000.00 to GGB Beauty LLC, a Delaware limited liability company (the “Borrower”), to be evidenced by that certain Promissory Note, dated of even date herewith, made by the Borrower payable to the Lender (as the same may hereafter be amended, supplemented, extended, restated, or otherwise modified from time to time, the “Note”).

B. The Guarantor is an affiliate of the Borrower.

C. It is a condition precedent to the making of the above-described loan by the Lender that this Guaranty be executed and delivered by the Guarantor.

D. The Guarantor expects to derive benefits from the extension of credit accommodations to the Borrower by the Lender and finds it advantageous, desirable and in its best interests to execute and deliver this Guaranty to the Lender.

NOW, THEREFORE, In consideration of the credit accommodations to be extended to the Borrower and for other good and valuable consideration, the Guarantor hereby covenants and agrees with the Lender as follows:

Section 1. Defined Terms. As used in this Guaranty, the following terms shall have the meaning indicated:

“Borrower” shall have the meaning indicated in Recital A.

“Guarantor” shall have the meaning indicated in the opening paragraph hereof.

“Lender” shall have the meaning indicated in the opening paragraph hereof.

“Lien” shall mean with respect to any Person, any security interest, mortgage, pledge, lien, charge, encumbrance, title retention agreement or analogous instrument or device, in, of or on any assets or properties of such Person, now owned or hereafter acquired, whether arising by agreement or operation of law.

“Note” shall have the meaning indicated in Recital A.

“Obligations” shall mean (a) all indebtedness, liabilities and obligations of the Borrower to the Lender of every kind, nature or description under the Note and any other note or notes hereafter issued in substitution or replacement thereof, (b) all liabilities of the Guarantor under this

Agreement, and (c) in all of the foregoing cases whether due or to become due, and existing or hereafter arising or incurred.

“Person” shall mean any individual, corporation, partnership, limited partnership, limited liability company, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision or any other entity, whether acting in an individual, fiduciary or other capacity.

“Purchase Agreement” shall the meaning indicated in Section 15.

All other capitalized terms not otherwise specifically defined herein, shall have the meanings ascribed thereto in the Note.

Section 2. The Guaranty. The Guarantor hereby absolutely and unconditionally guarantees to the Lender the payment when due (whether at a stated maturity or earlier by reason of acceleration or otherwise) and performance of the Obligations.

Section 3. Continuing Guaranty. This Guaranty is an absolute, unconditional and continuing guaranty of payment and performance of the Obligations, and the obligations of the Guarantor hereunder shall not be released, in whole or in part, by any action or thing which might, but for this provision of this Guaranty, be deemed a legal or equitable discharge of a surety or guarantor, other than irrevocable payment and performance in full of the Obligations. No notice of the Obligations to which this Guaranty may apply, or of any renewal or extension thereof need be given to the Guarantor and none of the foregoing acts shall release the Guarantor from liability hereunder. The Guarantor hereby expressly waives (a) demand of payment, presentment, protest, notice of dishonor, nonpayment or nonperformance on any and all forms of the Obligations; (b) notice of acceptance of this Guaranty and notice of any liability to which it may apply; (c) all other notices and demands of any kind and description relating to the Obligations now or hereafter provided for by any agreement, statute, law, rule or regulation; and (d) any and all defenses of the Borrower pertaining to the Obligations except for the defense of discharge by irrevocable payment in full. The Guarantor shall not be exonerated with respect to the Guarantor’s liabilities under this Guaranty by any act or thing except irrevocable payment and performance of the Obligations, it being the purpose and intent of this Guaranty that the Obligations constitute the direct and primary obligations of the Guarantor and that the covenants, agreements and all obligations of the Guarantor hereunder be absolute, unconditional and irrevocable. The Guarantor shall be and remain liable for any deficiency remaining after foreclosure of any mortgage, deed of trust or security agreement which may in the future secure all or any part of the Obligations, whether or not the liability of the Borrower or any other Person for such deficiency is discharged pursuant to statute, judicial decision or otherwise. The acceptance of this Guaranty by the Lender is not intended and does not release any liability previously existing of any guarantor or surety of any indebtedness of the Borrower to the Lender.

Section 4. Other Transactions. The Lender is expressly authorized (a) to exchange, surrender or release with or without consideration any or all collateral and security which may at any time be placed with it by the Borrower or by any other Person, or to forward or deliver any or all such collateral and security directly to the Borrower for collection and remittance or for credit, or to collect the same in any other manner without notice to the Guarantor and (b) to amend,

modify, extend or supplement the Note, any other note or other instrument evidencing the Obligations or any part thereof and any other agreement with respect to the Obligations, waive compliance by the Borrower or any other Person with the respective terms thereof and settle or compromise any of the Obligations without notice to the Guarantor and without in any manner affecting the absolute liabilities of the Guarantor hereunder. No invalidity, irregularity or unenforceability of all or any part of the Obligations or of any security therefor or other recourse with respect thereto shall affect, impair or be a defense to this Guaranty. The liabilities of the Guarantor hereunder shall not be affected or impaired by any failure, delay, neglect or omission on the part of the Lender to realize upon any of the Obligations of the Borrower to the Lender, or upon any collateral or security for any or all of the Obligations, nor by the taking by the Lender of (or the failure to take) any other guaranty or guaranties to secure the Obligations, nor by the taking by the Lender of (or the failure to take or the failure to perfect its security interest in or other Lien on) collateral or security of any kind. No act or omission of the Lender, whether or not such action or failure to act varies or increases the risk of, or affects the rights or remedies of the Guarantor shall affect or impair the obligations of the Guarantor hereunder. The Guarantor acknowledges that this Guaranty is in effect and binding without reference to whether this Guaranty is signed by any other Person or Persons, that possession of this Guaranty by the Lender shall be conclusive evidence of due delivery hereof by the Guarantor and that this Guaranty shall continue in full force and effect, both as to the Obligations then existing and/or thereafter created, notwithstanding the release of or extension of time to any other guarantor of the Obligations or any part thereof.

Section 5. Actions Not Required. The Guarantor hereby waives any and all right to cause a marshalling of the assets of the Borrower or any other action by any court or other governmental body with respect thereto or to cause the Lender to proceed against any security for the Obligations or any other recourse which the Lender may have with respect thereto and further waives any and all requirements that the Lender institute any action or proceeding at law or in equity, or obtain any judgment, against the Borrower or any other Person, or with respect to any collateral security for the Obligations, as a condition precedent to making demand on or bringing an action or obtaining and/or enforcing a judgment against, the Guarantor upon this Guaranty. The Guarantor further acknowledges that time is of the essence with respect to the Guarantor's obligations under this Guaranty. Any remedy or right hereby granted which shall be found to be unenforceable as to any Person or under any circumstance, for any reason, shall in no way limit or prevent the enforcement of such remedy or right as to any other Person or circumstance, nor shall such unenforceability limit or prevent enforcement of any other remedy or right hereby granted.

Section 6. No Subrogation. Notwithstanding any payment or payments made by the Guarantor hereunder, the Guarantor waives all rights of subrogation to any of the rights of the Lender against the Borrower or any other Person liable for payment of any of the Obligations or any collateral security or guaranty or right of offset held by the Lender for the payment of the Obligations, and the Guarantor waives all rights to seek any recourse to or contribution or reimbursement from the Borrower or any other Person liable for payment of any of the Obligations in respect of payments made by the Guarantor hereunder, in each case until irrevocable payment in full of the Obligations.

Section 7. Application of Payments. Any and all payments upon the Obligations made by the Guarantor or by any other Person, and/or the proceeds of any or all collateral or security for

any of the Obligations, if any, may be applied by the Lender on such items of the Obligations as the Lender may elect.

Section 8. Recovery of Payment. If any payment received by the Lender and applied to the Obligations is subsequently set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of the Borrower or any other obligor), the Obligations to which such payment was applied shall for the purposes of this Guaranty be deemed to have continued in existence, notwithstanding such application, and this Guaranty shall be enforceable as to such Obligations as fully as if such application had never been made. References in this Guaranty to amounts “irrevocably paid” or to “irrevocable payment” refer to payments that cannot be set aside, recovered, rescinded or required to be returned for any reason.

Section 9. Representations and Warranties; Covenants.

- (a) The Guarantor, has the power and authority and the legal right to execute and deliver the this Guaranty, has adequate authority to do so under the organizational documents pursuant to which it was established and is currently governed, has adequate authority to perform its obligations hereunder, and has taken all necessary action to authorize such execution, delivery and performance. The officers executing this Guaranty on behalf of the Guarantor are officers duly appointed and currently acting with respect to the Guarantor.
- (b) No consent or approval of any governmental authority is required as a condition to the execution, delivery or performance of this Guaranty, or as a condition to the validity of this Guaranty except to the extent such action has been taken, has occurred or been applied for.
- (c) The execution, delivery and performance by the Guarantor of this Guaranty will not (i) violate any provision of any State of Delaware or United States Federal law, statute, rule or regulation or any order, writ, judgment, injunction, decree, determination or award of any court, governmental agency or arbitrator presently in effect, or (ii) violate or breach any provision of the documents creating or governing the operation of the Guarantor, or (iii) result in a breach of or constitute a default under any indenture, loan or loan agreement or any other agreement, lease or instrument to which the Guarantor is a party.
- (d) This Guaranty constitutes the valid and legally binding obligation of the Guarantor and is binding and enforceable in accordance with its terms, subject to limitations as to enforceability which might result from bankruptcy, insolvency, moratorium and other similar laws affecting creditors’ rights generally and subject to limitations on the availability of equitable remedies, (i) against the Guarantor and (ii) against all assets of the Guarantor and any successor entity including subsequently acquired assets.

Section 10. Borrower’s Financial Condition. The Guarantor is familiar with the financial condition of the Borrower, and the Guarantor has executed and delivered this Guaranty

based on the Guarantor's own judgment and not in reliance upon any statement or representation of the Lender. The Lender shall have no obligation to provide the Guarantor with any advice whatsoever or to inform the Guarantor at any time of the Lender's actions, evaluations or conclusions on the financial condition or any other matter concerning the Borrower.

Section 11. Remedies. All remedies afforded to the Lender by reason of this Guaranty are separate and cumulative remedies and it is agreed that no one of such remedies, whether or not exercised by the Lender, shall be deemed to be in exclusion of any of the other remedies available to the Lender and no one of such remedies shall in any way limit or prejudice any other legal or equitable remedy which the Lender may have hereunder and with respect to the Obligations. Mere delay or failure to act shall not preclude the exercise or enforcement of any rights and remedies available to the Lender.

Section 12. Bankruptcy of the Borrower. The Guarantor expressly agrees that the liabilities and obligations of the Guarantor under this Guaranty shall not in any way be impaired or otherwise affected by the institution by or against the Borrower or any other Person of any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or any other similar proceedings for relief under any bankruptcy law or similar law for the relief of debtors and that any discharge of any of the Obligations pursuant to any such bankruptcy or similar law or other law shall not diminish, discharge or otherwise affect in any way the obligations of the Guarantor under this Guaranty, and that upon the institution of any of the above actions, such obligations shall be enforceable against the Guarantor.

Section 13. Costs and Expenses. The Guarantor will pay or reimburse the Lender on demand for all reasonable out-of-pocket expenses paid or incurred by the Lender, including in each case filing and recording costs and fees, charges and disbursements of outside counsel to the Lender (determined on the basis of such counsel's generally applicable rates, which may be higher than the rates such counsel charges the Lender in certain matters) and/or the allocated costs of in-house counsel incurred from time to time, arising out of or in connection with the collection and enforcement of this Guaranty against the Guarantor or arising out of or in connection with any failure of the Guarantor to fully and timely perform the obligations of the Guarantor hereunder.

Section 14. Waivers and Amendments. This Guaranty can be waived, modified, amended, terminated or discharged only explicitly in a writing signed by the Lender. A waiver so signed shall be effective only in the specific instance and for the specific purpose given.

Section 15. Notices. Unless otherwise provided in this Guaranty, any notice to the Guarantor or Lender hereunder must be in writing and is deemed given when actually delivered either (a) personally (including by reputable courier service), or (b) by email, with confirmation of receipt, and with hardcopy sent concurrently by next-business day courier service or priority mail, to the addresses set forth in that certain Securities Acquisition and Contribution Agreement, by and among the Guarantor, the Lender, the MXY Controlling Members (as therein defined), MXY D, Inc., MXY C, Inc., The Transferors' Representative (as therein defined) and the other transferors named therein, dated as of July 8, 2019 (the "Purchase Agreement"), for Sellers (in the case of the Lender) and Purchaser (in the case of the Guarantor), including additional notice parties set forth therein (or other names and addresses designated by Lender or the Guarantor from time to time).

Section 16. Guarantor Acknowledgements. The Guarantor hereby acknowledges that (a) Guarantor has been advised by its own legal counsel in the negotiation, execution and delivery of this Guaranty, (b) the Lender has no fiduciary relationship to the Guarantor under this Agreement, the relationship being solely that of debtor and creditor, and (c) no joint venture exists between the Guarantor and the Lender.

Section 17. Continuing Guaranty. This Guaranty shall (a) remain in full force and effect until irrevocable payment in full of the Obligations and the expiration of the obligations, if any, of the Lender to extend credit accommodations to the Borrower, (b) be binding upon the Guarantor, its heirs, representatives and assigns and (c) inure to the benefit of, and be enforceable by, the Lender and its successors, transferees, and assigns. Without limiting the generality of the foregoing clause (c), the Lender may assign or otherwise transfer all or any portion of its rights and obligations under the Note to any other Persons to the extent and in the manner provided in the Note and may similarly transfer all or any portion of its rights under this Guaranty to such Persons.

Section 18. Reaffirmation. The Guarantor agrees that when so requested by the Lender from time to time it will promptly execute and deliver to the Lender a written reaffirmation of this Guaranty in such form as the Lender may require.

Section 19. Governing Law and Construction. **THE VALIDITY, CONSTRUCTION AND ENFORCEABILITY OF THIS GUARANTY SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES THEREOF, BUT GIVING EFFECT TO FEDERAL LAWS OF THE UNITED STATES APPLICABLE TO NATIONAL BANKS.** Whenever possible, each provision of this Guaranty and any other statement, instrument or transaction contemplated hereby or relating hereto shall be interpreted in such manner as to be effective and valid under such applicable law, but, if any provision of this Guaranty or any other statement, instrument or transaction contemplated hereby or relating hereto shall be held to be prohibited or invalid under such applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty or any other statement, instrument or transaction contemplated hereby or relating hereto.

Section 20. Consent to Jurisdiction. **ANY AND ALL ACTIONS ARISING UNDER OR IN RESPECT OF THIS GUARANTY SHALL BE LITIGATED EXCLUSIVELY IN THE SAME COURTS AS ARE PROVIDED UNDER THE PURCHASE AGREEMENT WITH RESPECT TO ACTIONS OR PROCEEDINGS ARISING THEREUNDER. THE GUARANTOR AND LENDER EACH IRREVOCABLY SUBMITS TO THE PERSONAL AND EXCLUSIVE JURISDICTION OF SUCH COURTS FOR ITSELF, AND IN RESPECT OF ITS PROPERTY WITH RESPECT TO SUCH ACTION AND SUCH COURTS SHALL BE THE SOLE AND EXCLUSIVE JURISDICTION OVER SUCH ACTIONS. THE GUARANTOR AND LENDER AGREE THAT VENUE WOULD BE PROPER IN ANY OF SUCH COURTS, AND HEREBY WAIVE ANY OBJECTION THAT ANY SUCH COURT IS AN IMPROPER AND INCONVENIENT FORUM FOR THE RESOLUTION OF ANY SUCH ACTION.**

Section 21. **Waiver of Jury Trial.** EACH OF THE GUARANTOR AND THE LENDER, BY ITS ACCEPTANCE OF THIS GUARANTY, IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 22. **Counterparts.** This Guaranty may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

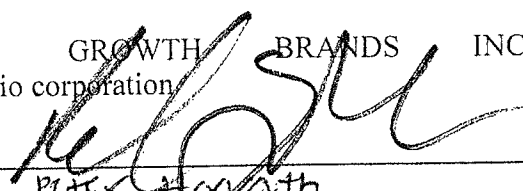
Section 23. **General.** All representations and warranties contained in this Guaranty or in any other agreement between the Guarantor and the Lender shall survive the execution, delivery and performance of this Guaranty and the creation and payment of the Obligations. Captions in this Guaranty are for reference and convenience only and shall not affect the interpretation or meaning of any provision of this Guaranty.

[Signature page follows]

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty as of the date first above written.

GUARANTOR:

GREEN GROWTH BRANDS INC.,
an Ontario corporation

By: 

Name: Peter Horvath

Title: Chief Executive Officer

Address for Guarantor:

Green Growth Brands Inc.
4300 E 5th Ave Columbus, OH 43219

Address for the Lender:

MXV Holdings LLC
3358 E. Spring St.
Long Beach, CA 90806 USA

[Signature page to Guaranty]

Exhibit S

EXHIBIT "S"

referred to in the Affidavit of

RAYMOND C. WHITAKER III

Sworn May 19, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

PROMISSORY NOTE

U.S. \$3,962,400.00

Note Effective Date: December 18, 2019

1. Principal, Interest and Payments.

1.1 Obligation to Pay. For value received, the undersigned, Green Growth Brands Inc., an Ontario corporation ("Maker"), hereby promises to pay to MXY Holdings LLC, a Delaware limited liability company ("Holder"), the principal amount of U.S. \$3,962,400 ("Principal"), plus Interest in accordance with Section 1.2 below). The unpaid Principal and any unpaid interest shall become due and payable on the earlier of (a) the occurrence of an Event of Default, or (b) July 1, 2020 (such date, the "Maturity Date").

1.2 Interest; Payments. Subject to Section 3.2, the amount of interest owing on the Principal shall be U.S \$37,600 ("Interest"). All Principal and all Interest shall be due and payable in full on the Maturity Date, if not sooner paid by Maker. The outstanding Principal amount under this Note, and all Interest under this Note, shall be due and payable by the Maker in lawful money of the United States of America and in immediately available funds.

1.3 Application of Payments. Payments (including prepayments) received will be applied first to fully pay costs and expenses incurred by Holder in collecting this Note, then to fully pay Interest or other accrued interest, and the remainder will be applied to Principal.

1.4 Repayment and Prepayment.

(a) Unless payment is otherwise required or made earlier in accordance with the terms and conditions of this Note, the outstanding Principal amount together with any accrued and unpaid interest thereon shall be due and payable in a single installment, on the Maturity Date.

(b) The Maker shall have the right to prepay the Principal, in whole or in part, together with the Interest, at any time without penalty and upon such prepayment the outstanding Principal amount shall be reduced accordingly.

2. Reserved.

3. Default.

3.1 Events of Default. The occurrence of any of the following constitutes an "Event of Default" hereunder: (a) Maker fails to make any payments due hereunder within five (5) business days after the due date thereof; (b) Maker voluntarily dissolves, liquidates or terminates operations; applies for or consents to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of Maker of all or of substantially all of Maker's assets, respectively; (c) a trustee, liquidator, assignee, custodian or receiver (or similar official) being appointed for Maker or for a substantial part of the property or business of either without such party's consent and is not discharged within sixty (60) days after such appointment, or any writ or warrant of attachment, or similar process is entered or filed against Maker or any of the properties or other assets of either and is not vacated, bonded or stayed within the earlier of a period of thirty (30) days from such entry or filing, or before five (5) business days prior to the date of any proposed sale thereunder; (d) a bankruptcy, reorganization, insolvency or liquidation case or petition or other case for relief of debtors is commenced or filed by or against Maker and, if instituted against Maker either the case is not dismissed within sixty (60) days after such institution, or Maker, as the case may be, by any action or answer approves of, consents to, or acquiesces in any such case or admits the material allegations of, or defaults in answering a petition filed in such case; (e) the occurrence of an event of default under that certain Promissory Note, in the principal amount of \$5,000,000.00, made

of an event of default under that certain Promissory Note, in the principal amount of \$5,000,000.00, made by GGB Beauty LLC and in favor of Holder, dated July 8, 2019, or (f) the sale, transfer or other disposition (whether by merger, consolidation or otherwise) of all or substantially all (whether voluntary, by operation of law or otherwise), either directly or indirectly, of the (i) membership interests or other securities of Maker to any other party, or (ii) assets of Maker.

3.2 Holder's Actions Upon Default; Default Interest Rate. If an Event of Default occurs and is continuing, then the Holder may declare this Note to be due and payable immediately. For so long as an Event of Default is continuing, at the option of the Holder, the aggregate amount equal to the Principal and Interest shall bear interest at the rate of fifteen percent (15%) per annum, provided Holder has accelerated payment of this Note and provided Maker written notice thereof.

4. General Provisions.

4.1 Notices. Unless otherwise provided in this Note, any notice to Holder or Maker hereunder must be in writing and is deemed given when actually delivered either (a) personally (including by reputable courier service), or (b) by email, with confirmation of receipt, and with hardcopy sent concurrently by next-business day courier service or priority mail, to the addresses set forth in the Securities Acquisition and Contribution Agreement dated as of July 8, 2019, for Sellers (in the case of Holder) and Purchaser (in the case of Maker), including additional notice parties set forth therein (or other names and addresses designated by Holder or Maker from time to time), except that the Holder may, without the consent of the Maker, assign this Note to any affiliate of the Holder and during the continuance of any Event of Default, to any other party.

4.2 Successors and Assigns. The rights and obligations of Maker and Holder under this Note will bind and benefit their respective successors and permitted assigns. Neither this Note nor any rights, interests or obligations hereunder may be assigned or otherwise transferred by either Maker or Holder, by operation of law or otherwise, in whole or in part, without the other's prior written consent, which consent may be withheld by such other party in its sole and absolute discretion.

4.3 Amendment and Waiver.

(a) The terms of this Note may be amended only with the written consent of Maker and Holder and any existing default of Maker may be waived only with the written consent of Holder.

(b) Except as set forth in Section 4.3(a) above, this Note and any provision hereof may be waived only in writing by the party against which enforcement of such waiver is sought. Delay or failure by Holder to exercise any right may not be construed as waiver of such or any other right, nor will a waiver by Holder of a breach or provision constitute a continuing waiver or a waiver of any other breach or provision. Maker and all endorser of this Note hereby waive diligence, demand, presentment, notice of non-performance, protest, notice of protest, notice of dishonor and all other notices or demands of any kind relative to this Note other than those specifically required from Holder by the terms of this Note.

4.4 Set-Off. Maker agrees to make all payments hereunder subject to no set-off, counterclaim, defense, or deduction.

4.5 Governing Law; Jurisdiction; Waiver. This Note shall be governed by and construed in accordance with the domestic laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware. Any and all actions arising under or in respect of this Note shall be litigated exclusively in the same courts as are provided under the

Purchase Agreement with respect to actions or proceedings arising thereunder. Maker and Holder each irrevocably submits to the personal and exclusive jurisdiction of such courts for itself, and in respect of its property with respect to such action and such courts shall be the sole and exclusive jurisdiction over such actions. Maker and Holder agree that venue would be proper in any of such courts, and hereby waive any objection that any such court is an improper and inconvenient forum for the resolution of any such action. THE UNDERSIGNED HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH, THIS NOTE.

4.6 Usury. Nothing herein contained, nor any transaction related hereto, shall be construed or so operate as to require Maker to pay interest at a greater rate than is now lawful in such case to contract for, or to make any payment, or to do any act contrary to law. Should any interest or other charges paid by Maker, or parties liable for the payment of this Note, in connection with the loan evidenced by this Note, or any document delivered in connection with said loan, result in the computation or earning of interest in excess of the maximum legal rate of interest which is legally permitted by law, then any and all such excess shall be and the same is hereby waived by Holder, and any and all such excess shall be automatically credited against and in reduction of the balance due under this Note, and the portion of said excess which exceeds the balance due under this Note shall be paid by Holder to Maker.

4.7 Interpretation. All headings used herein are used for convenience only and shall not be used to construe or interpret this Note. All references in this Note to sections and exhibits shall, unless otherwise provided, refer to sections hereof and exhibits attached hereto, all of which exhibits are incorporated herein by this reference. If any provision or portion of this Note is determined to be invalid or unenforceable, this Note will automatically be amended to substitute, for the invalid or unenforceable provisions, new enforceable provisions which most closely approximate the intent and economic effect of the invalid provisions, and the remaining provisions will, as so amended, continue in full force and effect. No representation, warranty or disclosure given by Maker in connection with this Note or this transaction will be affected by any investigation or lack of investigation by Holder. This Note shall not be interpreted for or against Holder or Maker on the basis of which party's counsel prepared such document.

4.8 Attorneys' Fees. If Holder shall employ legal counsel to enforce any term or provision hereof or in connection herewith after the Note Effective Date, whether or not suit or litigation is commenced, such reasonable attorneys' fees and other legal expenses and costs shall be payable by Maker to Holder upon demand.

4.9 Documentary Stamp Tax. Maker shall be solely responsible for documentary stamp taxes, if any, payable with respect to this Note.

4.10 Time of Essence. Time is of the essence for all time periods specified or referred to in this Note.

[Signature Page Follows]

IN WITNESS WHEREOF, Maker has caused this Note to be signed in its name, by its duly authorized representative, as of the Note Effective Date.

MAKER

GREEN GROWTH BRANDS INC.

By: Peter Horvath

Name: Peter Z. Horvath

Title: Chief Executive Officer

Exhibit T

EXHIBIT "T"

referred to in the Affidavit of

RAYMOND C. WHITAKER III

Sworn May 19, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

IN THE COMMON PLEAS COURT
FOR FRANKLIN COUNTY, OHIO

DIGICO IMAGING, INC
c/o Ira B. Nutis
3487 E. Fulton Street
Columbus, Ohio 43227

Plaintiff,

v.

GREEN GROWTH BRANDS, INC.,
c/o Tod H. Friedman
4300 E. Fifth Avenue
Columbus, Ohio 43219

Defendant

CASE NO.: 20CV2207

JUDGE: Karen Phipps

AGREED ORDER APPOINTING RECEIVER

This matter comes before the Court on the *Joint Motion of Defendant Green Growth Brands, LLC, and its subsidiaries, and the Plaintiff herein for Immediate Appointment of Receiver for Defendant and its Affiliated Subsidiaries listed in the motion.* Notices were provided to the larger creditors as set forth on the schedule attached to the motion. A hearing was held to consider the Motion (the "Hearing"). Pursuant to the Motion, and Ohio Revised Code ("R.C.") § 2735.01, *et seq.*, the Movants seek the immediate appointment of a Receiver over the assets of Green Growth Brands LLC and its subsidiaries, GGB Beauty LLC, GGB Licenses LLC, Green Growth Brands Realty LLC, GGB GN LLC, and GGB Kiosks LLC (collectively, "Green Growth"), to accomplish the wind-down of their respective affairs. The Movants state that the immediate appointment of a Receiver is necessary to protect the assets of Green Growth and effectuate an orderly wind-down and liquidation for the benefit of all creditors.

Upon consideration of the Motion and the matters heard by the Court at the Hearing, the Court finds the Motion to be well-taken and it is hereby **GRANTED**. Pursuant to R.C. § 2735.01,

et seq., the Court finds that it is appropriate to appoint a Receiver over Green Growth and its subsidiaries.

The Court makes the following findings:

A. Jurisdiction and venue are appropriate in this Court as each of the Movants have been shown to be headquartered within Franklin County, Ohio.

B. The Movants have demonstrated that it is appropriate to appoint a Receiver for the following reasons:

- a. Green Growth is unable to pay regular obligations as they come due;
- b. Green Growth (including its subsidiaries) are each in imminent danger of insolvency as their debts are greater than the value of their assets; and have suspended operations due to the prevailing health issues in the Nation, thereby having no income to pay creditors.
- c. The Movants have adequately shown that the failure to appoint a receiver and stay all actions against Green Growth may result in waste or inequitable distribution of assets. There will be irreparable harm if Green Growth assets are not brought under the control of a receiver.

C. The Movants have proposed that **A.C. Strip** be appointed as the Receiver. Through the Motion and otherwise, the Movants have adequately demonstrated that Mr. Strip is qualified to act as receiver in this case and has the ability to properly fulfill his duties. The Plaintiff and Defendant have both consented to the appointment, thus satisfying O.R.C. Sec. 2735.01. The Court is satisfied that Mr. Strip's appointment is appropriate to fulfill the purposes of the motion.

D. The requirements for the appointment of a receiver as set forth in the Ohio Revised Code and the Local Rules have been met, including the requirement for various disclosures related to the proposed receiver. The appointment of a Receiver is an appropriate and legally correct

remedy in this matter, and it is necessary to appoint a Receiver to avoid irreparable injury to the creditors of the Movants. There is no just reason for delay with respect to the matters contained in this order.

It is therefore ORDERED that the Motion is GRANTED. The Court directs as follows:

**APPOINTMENT OF RECEIVER
AND OVERVIEW OF DUTIES**

1. A.C. Strip is immediately appointed as Receiver (the “Receiver”) over Green Growth and all assets of Green Growth.

2. The purpose of this receivership is to dispose of and distribute the assets of Green Growth Brands LLC (and its subsidiaries) to facilitate the final wind-down of Green Growth under Ohio law. The Receiver will have no obligation to file tax returns for Green Growth but will cooperate with said Company to ensure said returns can be seasonably made.

POWERS OF RECEIVER

3. Without limiting the generality of the foregoing, the Receiver has the power and authority described in Section 2735 et. seq. of the Ohio Revised Code, including the authority and power over the following:

- a. **Custody and Control.** The Receiver will take exclusive custody and control of the assets, including possession of all the funds, property, mail, and other assets of, in the possession of, or under the control of Green Growth (the “Assets”). The Assets of Green Growth include without limitation the following: all real property, inventory, intellectual property, personal property, equipment, accounts, Revenues (as defined below), general intangibles, investment property, instruments, documents, bank accounts and amounts therein and any other property of any nature whatsoever of Green Growth whether held by Green Growth or jointly with another, now or hereafter in the possession of, in transit to or from or under the custody or control of Green Growth, and the proceeds and products of the foregoing in whatever form the same may be, wherever located, now existing and hereafter arising or coming into existence. The Receiver may take all steps necessary to secure the business premises of Green Growth.

- b. **Protect and Preserve Operations and Assets.** The Receiver may: i) take all emergency actions necessary in his judgment to preserve, protect and manage the assets in order to preserve their value; ii) pay all utilities, expenses or other obligations to suppliers or servicers in the ordinary course of business.
- c. **Collection of Revenues.** The Receiver will collect the profits, rents, revenues, insurance proceeds, and all other income of any nature whatsoever from the Assets of Green Growth (collectively, the “Revenues”), and pay from the Revenues all Receivership Expenses (as defined below). The Receiver has the authority to receive and endorse as necessary, present for payment and/or collect any check, money order, credit card account or other form of payment payable to either of Green Growth or the Receiver.
- d. **Leases and Executory Contracts.** Subject to Court approval, the Receiver may cancel any leases or executory contracts of Green Growth if the performance of same would not be beneficial to the receivership estate. Nothing in this provision affects any rights of parties to rejected executory contracts or leases to file a Proof of Claim for damages arising out of such rejection. The Receiver is permitted to assign leases and executory contracts as permitted by the terms of such contracts or leases and subject to Court approval.
- e. **Receivership Expenses.** The Receiver may incur and pay out of the assets such expenses and obligations coming due after the date of the Receiver’s appointment as may be necessary or appropriate for such maintenance, protection, preservation or operation of the Assets, or necessary expenses in carrying out the directions of this Order (collectively, the “Receivership Expenses”). Receivership Expenses include, without limitation, all taxes and assessments, insurance premiums for property, casualty, liability and other essential insurance thereon; utility expenses; operating expenses; lease obligations; and compensation for the Receiver and any professionals, subject to the local rules of the court.
- f. **Pre-receivership Liabilities.** The Receiver is not liable for any expenses or accounts payable which were with incurred prior to the effective date of this Order. Notwithstanding the foregoing or anything that may be construed to the contrary, in the Receiver’s discretion, the Receiver is authorized to (but is not obligated to) pay those expenses and accounts payable incurred in the normal and ordinary course of business prior to this Order (including, without limitation, tax, lease, payroll, employee benefit, utility, and vendor obligations) to the extent that the payment of any such pre-existing expense or account payable is necessary or desirable for the preservation of the Assets, or essential to the filing of this action, including such obligations incurred in the cessation of the operations. This section shall have no application to claims or amounts payable to utility providers governed by the Public Utility Commission.
- g. **Bank Accounts.** The Receiver may establish a new bank account or may, at his discretion, continue the use of accounts currently in existence. The Receiver

will deposit all funds of the receivership estate in such designated accounts and will make all payments and disbursements from the receivership estate from such accounts. Funds of the receivership are further authorized to be held in the trust account of any legal professional employed by the Receiver.

- h. **Investment of Funds.** The Receiver may invest any excess cash in one or more interest-bearing accounts with a state or national financial institution, so long as all amounts (including, without limitation, accrued interest thereon) in such account(s) are fully insured by the Federal Deposit Insurance Corporation.
- i. **Sale of Assets.** The Receiver may apply to the Court for authorization to sell or liquidate any or all Assets of Green Growth after notice and an opportunity to object has been given to all interested parties. The Receiver will hold any sale proceeds pending further order of the Court, except as approved by the Court. The Receiver shall not be required to apply to Court for any sale of assets with a value of less than \$1,000.00. The Receiver will be authorized to dispose of those items he determines to have a “de minimus” value of less than \$10.00 to the receivership by way of abandonment or casual sale, as he may deem reasonable. All such sales or distributions without court approval shall be referenced in the following report of receiver.
- j. **Employment of Professionals.** The Receiver may choose and employ, upon notice and Court approval, professionals as the Receiver deems advisable or necessary in the performance of duties and responsibilities under the authority granted by this Order, on the terms and conditions as the Receiver determines to be in the best interests of the receivership estate. Compensation to professionals employed by the Receiver will not be paid without Court approval but will be paid first out of the Assets in conjunction with the payment of the Receiver’s fees. The Receiver is permitted to employ counsel immediately as set forth below.
- k. **Lawsuits and Settlements.** The Receiver may initiate, defend, or take any other action in law that Green Growth may have, including any claims that would normally be reserved for creditors of Green Growth to recovery assets fraudulently transferred by Green Growth. The Receiver may further settle any claims of Green Growth or against Green Growth in his reasonable business judgment and without Court approval.
- l. **Books.** The Receiver shall prepare and maintain complete books, records and financial reports of the income and expenses associated with this case, and all others appropriate records.
- m. **Receivership Tax Returns:** The Receiver will assist and cooperate with the Company in the filing of any tax returns as reasonably requested.
- n. **Other Actions.** The Receiver may undertake all other actions, including, without limitation, executing documents on behalf of the receivership estate

that are in his judgment, necessary or appropriate to accomplish the directions of this Order.

DELIVERY TO RECEIVER

4. Any person or entity served with a copy of this order shall, immediately or within such time as permitted by the Receiver in writing, cooperate with the Receiver in the transition of the management of Green Growth and Assets and shall deliver or make available to the Receiver:

- a. Possession and custody of the Assets and all other assets of Green Growth in the possession of, under the control of, or held in the name of Green Growth;
- b. Possession and custody of documents of Green Growth, including but not limited to, all books and records of accounts, all financial and accounting records, balance sheets, income statements, bank records (including monthly statements, canceled checks, records of wire transfers, and check registers), vendor lists, title documents and other papers, wherever located, as the Receiver deems necessary for the proper administration, management or control of the receivership estate;
- c. All keys, computer passwords, entry codes, PIN numbers and combinations to locks necessary to gain or to secure access to any of the assets or documents of Green Growth, including but not limited to, access to the Movants' business premises, means of communication, accounts, computer systems, or other property; and
- d. Information identifying the accounts, employees, properties or other assets or obligations of Green Growth.
- e. All pending contracts.
- f. All insurance policies.
- g. All documents pertaining to safety and environmental laws, together with all reports, surveys, inspections, orders, citations, warnings and notices regarding the same.
- h. Site plans, surveys, specifications, floor plans, drawings, measurements, related to any Assets.
- i. All technical manuals related to any Asset.
- j. Such other records related to Assets as may be reasonably requested by the Receiver.

5. Except as permitted by the Receiver under this Order, Green Growth and its employees and agents, including owners or employees and agents thereof, are prohibited from removing any Assets, and are prohibited from diverting any income from Green Growth or related to the Assets.

COOPERATION WITH RECEIVER

6. Green Growth its employees, current and former owners, agents and assigns, and all other persons or entities served with a copy of this Order must cooperate fully with and assist the Receiver in the performance of his duties. This cooperation and assistance include, but is not limited to, providing any information to the Receiver that the Receiver deems necessary to exercising the authority and discharging the responsibilities of the Receiver under this order.

BOND AND LIMITED LIABILITY OF RECEIVER

7. The Receiver will file with the Clerk of this Court a bond in the amount of \$10,000.00 to ensure the full and faithful performance of his obligations herein.

8. In carrying out their duties as set forth herein, the Receiver and his agents are entitled to exercise their authority in performing their duties under this Order in their own sound business judgment. The Receiver and his agents and attorneys shall have no personal liability and they shall have no claim asserted against them relating to the Receiver's duties under this Order, except for claims due to their gross negligence, gross or willful misconduct, malicious acts, and/or failure to comply with this Order.

9. No expenses, obligations, liabilities, or risks incurred by the Receiver in connection with the maintenance, preservation or operation of the Assets or in the performance or fulfillment of his duties are the personal expense, obligation, liability, or risk of the Receiver; rather, they are exclusively the expense, obligation, liability, and risk of the receivership estate.

10. Notwithstanding anything to the contrary, the Receiver is not liable for the payment of taxes of any kind (except real estate taxes), assessment, goods or services, incurred prior to the date of this Order.

STAY AND INJUNCTION

11. Except for when there is leave of the Court, during the pendency of the receivership ordered herein, all creditors (other than utility companies governed by PUCO), claimants, political entities, parties in interest, sheriffs, marshals, and other officers, and their respective attorneys, servants, agents, and employees, and all other persons, firms, and corporations are enjoined and stayed from taking any action to establish or enforce any claim, right or interest for, against, on behalf of, or in the name of Green Growth or its subsidiaries, the Receiver, receivership assets, or the Receiver's duly authorized agents acting in their capacities as such, including, but not limited to, the following actions:

- a. Commencing, prosecuting, litigating or enforcing any suit, except that actions may be filed to toll any applicable statute of limitations;
- b. Accelerating the due date of any obligation or claimed obligation, enforcing any lien upon, or taking or attempting to take possession of, or retaining possession of, assets of Green Growth or any property claimed by Green Growth, or attempting to foreclose, forfeit, alter or terminate any of Green Growth's interests in property, whether such acts are part of a judicial proceeding or otherwise;
- c. Using self-help or executing or issuing, or causing the execution or issuance of any court attachment, subpoena, replevin, execution or other process for the purpose of impounding or taking possession of or interfering with, or creating or enforcing a lien upon any property, wherever located, owned by or in the possession of Green Growth, the Receiver, or any agent of the Receiver;
- d. Doing any act or thing to interfere with the Receiver taking control, possession or management of the property subject to the receivership, or to in any way interfere with the Receiver or their duties, or to interfere with the exclusive jurisdiction of this Court over the property and assets of Green Growth.

RECEIVER'S REPORTS TO THE COURT AND COMPENSATION

12. The Receiver is directed to file with this Court a First Report and Plan not later than 60 days after appointment, and with it, an inventory of the Assets. The Receiver will submit subsequent reports regularly setting forth the Receiver's actions (the "Receiver's Report"). The Receiver is not required to file backup financial information such as copies of bank statements with the Court but will make such information available upon request. The Receiver will summarize in his Receiver's Reports to the Court receipts, disbursements and other matters regarding the performance of his duties. The Receiver will further provide any monthly reporting to any secured creditors as they may reasonably request.

13. The Receiver and all personnel hired by the Receiver as herein authorized, are entitled to reasonable compensation for the performance of duties pursuant to this Order and for the cost of actual and reasonable out-of-pocket expenses incurred by them for those services authorized by this Order. Fees of the Receiver and any professionals will be paid ahead of all other administrative expenses out of the assets of the receivership estate, notwithstanding any lien rights of creditors, subject to approval of the court.

14. In conjunction with each Receiver's Report and as allowed by local rules, the Receiver may file with the Court and serve on the parties periodic requests for the payment of compensation of the Receiver or any hired professionals. The requests for compensation will itemize the time and nature of services rendered by the Receiver and all personnel hired by the Receiver in increments of one-tenth of an hour. The Receiver and all personnel hired by the Receiver will not increase the hourly rates used as the basis for such fee applications without prior approval of the Court.

15. The Receiver will be compensated in accordance with the rates and structure set forth in the Motion.

16. To the extent that the Receiver seeks to hire a broker or auctioneer to sell the assets of Green Growth, the compensation arrangement will be pre-approved by the Court.

17. The Receiver is authorized to employ the law firm of Strip, Hoppers, Leithart, McGrath & Terlecky Co. LPA, with all attorney time to be billed at not more than \$300.00 per hour, and all paralegal time to be billed at not more than \$100.00 per hour.

PROOFS OF CLAIM AND NOTICE

18. The Receiver is ordered, upon a determination of all outstanding creditors as provided herein, to send a notice to all such persons or entities having a claim or demand against Green Growth, or who is claiming any right, interest or lien in or upon any of the assets, that they must file a proof of claim on the form provided by the Receiver, no later than sixty (60) days from the date of mailing of such Notice. Each claim must include the name and address of the Claimant, the basis for the amount of the claim, and the date or dates upon which the claim arose. If the claim purports to be secured by any property or assets of Green Growth, it should also include evidence of such security interest and its perfection. All such claims must be mailed to the Receiver at the address provided in the Notice. Failure to file a claim will result in waiver of the claim.

19. At such time as moneys are available for distribution to creditors, as determined in the Receiver's discretion, the Receiver will review and validate the claims, and make a recommendation to the Court as to treatment of the claims, and distribution among the creditors.

20. To limit administrative expense, the Receiver is not obligated to serve each and every pleading, motion, or other filing upon all unsecured creditors, but will serve all secured creditors and landlords, and any person or entity or who has filed an appearance in the case, has otherwise specifically requested service of all matters, or is specifically impacted by the filing. The Receiver will serve upon all creditors any motion, application or other filing which

recommends distribution of funds (other than receiver and professional fee applications) or treatment of creditor claims, and same will be permitted reasonable opportunity to respond. After expiration of the deadline for filing proofs of claim, any creditor that has not filed a proof of claim is no longer entitled to notice or service of any type, and the Receiver need not serve them.

EFFECTIVE DATE AND RETENTION OF JURISDICTION

21. This Order and the injunction contained within will be in full force and effect as of the date it is entered by the Clerk of this Court, and the Receiver will be empowered pursuant to this Order upon the filing of the Receiver's oath and bond.

22. This Order and the Receiver's appointment will remain in full force and effect until further order of this Court. This Court retains jurisdiction of this matter for all purposes.

IT IS SO ORDERED.

Judge

Franklin County Court of Common Pleas

Date: 04-03-2020

Case Title: DIGICO IMAGING INC -VS- GREEN GROWTH BRANDS INC ET
AL

Case Number: 20CV002207

Type: APPOINTMENT OF RECEIVER

It Is So Ordered.

A handwritten signature in black ink, appearing to read 'K. Held Phipps', is written over a circular, textured grey stamp.

/s/ Judge Karen Held Phipps

Court Disposition

Case Number: 20CV002207

Case Style: DIGICO IMAGING INC -VS- GREEN GROWTH
BRANDS INC ET AL

Motion Tie Off Information:

1. Motion CMS Document Id: 20CV0022072020-04-0399980000
Document Title: 04-03-2020-MOTION FOR APPOINTMENT OF
RECEIVER - PLAINTIFF: DIGICO IMAGING INC
Disposition: MOTION GRANTED

Exhibit U

EXHIBIT "U"

referred to in the Affidavit of

RAYMOND C. WHITAKER III

Sworn May 19, 2020

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

DIP INTERIM FINANCING TERM SHEET AGREEMENT**Dated as of May 20, 2020**

WHEREAS the Borrower has requested and the Lender has agreed to provide interim financing to the Borrower during the pendency of the Borrower's proceedings (the "**CCAA Proceedings**") under the Companies' Creditors Arrangement Act (Canada) (the "**CCAA**") commenced before the Ontario Superior Court of Justice (Commercial List) (the "**Court**") on or about the date hereof, all in accordance with the terms and conditions set out in this term sheet (this "**Term Sheet**").

WHEREAS the Lender has agreed to provide interim financing in order to fund certain obligations of the Borrower and its subsidiaries in order for the Borrower and its subsidiaries to pursue the Credit Bid (as defined herein) or a Successful Bid (as defined herein) pursuant to and in accordance with the SISF (as defined herein).

NOW THEREFORE, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

1. **BORROWER:** Green Growth Brands Inc., a corporation incorporated under the laws of the Province of Ontario (the "**Borrower**").
2. **LENDER:** All Js Greenspace LLC (the "**Lender**").
3. **GUARANTORS:** All subsidiaries directly or indirectly owned by Green Growth Brands Inc., other than the Excluded Subsidiaries (collectively, the "**Guarantors**", and together with the Borrower, the "**Loan Parties**").

The "**Excluded Subsidiaries**" shall include (i) Green Growth Brands LLC and its direct or indirect subsidiaries; (ii) GGB Florida LLC; (iii) GGB Florida Land LLC; (iv) Spring Oaks Greenhouses, Inc.; (v) GGB Michigan LLC; (vi) GGB Arizona LLC; (vii) GGB Connecticut LLC; (viii) GGB New Jersey LLC; and (ix) Green Growth Brands Realty Ltd.
4. **CREDIT FACILITY:** A secured non-revolving credit facility (the "**DIP Facility**") up to a maximum principal amount of US\$7,200,000 (as such amount may be reduced from time to time pursuant to Section 10 or 11 hereof, the "**Facility Amount**"), subject to the terms and conditions contained herein. The Facility Amount shall be made available to the Borrower as provided herein, from the Effective Date until the Maturity Date.
5. **AVAILABILITY:** Provided that no Default or Event of Default has occurred and is then continuing, on and after the date on which the Initial Availability Conditions shall have been satisfied, the Borrower may request advances under the DIP Facility up to the Facility Amount; provided always that until the Further Availability

Conditions shall have been satisfied, the availability of the Facility Amount shall be limited to not more than US\$1,000,000 (the “**Initial Availability Amount**”). For greater certainty, the difference between the Facility Amount and the Initial Availability Amount (the “**Further Availability Amount**”) shall be available to the Borrower only upon satisfaction of the Further Availability Conditions.

6. DRAWDOWNS:

(a) **Draws in respect of the Initial Availability Amount**

Provided that no Default or Event of Default has occurred and is then continuing, and subject always to the provisions of Section 5, on and after the date on which the Initial Availability Conditions have been satisfied, the Lender shall make the following amounts available to the Borrower in respect of the Initial Availability Amount on the following dates, provided that the Borrower shall have provided the Lender with a drawdown request certificate in the form attached as Schedule “B” hereto (a “**Drawdown Request**”), at least one day prior to applicable date of advance:

- (i) in the amount of US\$375,000 on May 20, 2020, and
- (ii) in the amount of US\$490,000 on May 25, 2020.

(b) **Draws in respect of the Further Availability Amount**

Provided that no Default or Event of Default has occurred and is then continuing, and subject always to the provisions of Section 5, on and after the date on which the Further Availability Conditions have been satisfied, the Lender shall make available to the Borrower US\$460,000 on June 1, 2020, subject to delivery of a Drawdown Request one day prior to such date.

Thereafter, the Borrower may request advances under the DIP Facility by providing the Lender with a Drawdown Request by 10:00 a.m. (Eastern Time) at least two (2) Business Days prior to the proposed date of advance.

In all cases each Drawdown Request and each advance shall be made (i) in accordance with the DIP Budget (as may be updated in accordance with the provisions of this Term Sheet) and (ii) subject to satisfaction of the Initial Availability Conditions (for a request or advance under the Initial Availability Amount) and the Further Availability Conditions (for a request or advance

under the Further Availability Amount).

7. INTEREST RATE:

Interest shall be payable in cash on the aggregate outstanding amount of advances under the DIP Facility from the date of the funding thereof at a rate equal to 5% per annum, compounded monthly and payable monthly in arrears in cash on the last Business Day of each month. Upon the occurrence and during the continuation of an Event of Default, all overdue amounts shall bear interest at the applicable interest rate plus 2% per annum payable on demand in arrears in cash.

All interest shall be computed on the basis of a 365-day (or 366-day, as applicable) year, in each case for the actual number of days elapsed in the period during which it accrues.

If any provision of this Term Sheet or any of the other Loan Documents would obligate the Borrower to make any payment of interest or other amount payable to the Lender in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by the Lender of interest at a criminal rate (as construed under the *Criminal Code* (Canada)), then notwithstanding that provision, that 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 law or result in a receipt by the Lender of interest at a criminal rate, the adjustment to be effected, to the extent necessary, as follows:

- (a) first, by reducing the amount or rate of interest required to be paid to the Lender under this Term Sheet; and
- (b) thereafter, by reducing any other amounts (other than costs and expenses) (if any) required to be paid to the Lender which would constitute interest for purposes of Section 347 of the *Criminal Code* (Canada).

For the purposes of the *Interest Act* (Canada), the parties acknowledge and agree that all calculations of interest under this Term Sheet are to be made on the basis of the nominal interest rate described herein and not on the basis of effective yearly rates or on any other basis which gives effect to the principle of deemed reinvestment of interest.

8. MATURITY DATE:

The DIP Facility shall be repayable in full on the earlier of:

- (a) a demand for repayment in writing has been made by the Lender upon the occurrence of any Event of Default which is continuing and has not been cured;
- (b) the completion of any Successful Bid, in which case the Financing Obligations shall be repaid in cash and in full,

or upon completion of the Credit Bid, in which case the Financing Obligations shall be satisfied in accordance with the terms of the Credit Bid;

- (c) the date on which the Initial Order expires without being extended or on which the CCAA Proceedings are dismissed or converted into a proceeding under the *Bankruptcy and Insolvency Act* (Canada);
- (d) the sale of all or substantially all of the Collateral; and
- (e) the date which is 120 days following the Effective Date,

(the earliest of such dates being the “**Maturity Date**”). The Maturity Date may be extended from time to time at the request of the Borrower and with the prior written consent of the Lender for such period and on such terms and conditions as the Lender may agree in its sole discretion.

- 9. PERMITTED USE OF PROCEEDS:** The Borrower shall use proceeds of the DIP Facility solely for the following purposes, in each case in accordance with the DIP Budget and during and for the purposes of the Borrower's pursuit of a Successful Bid pursuant to and in accordance with the SISP:

- (a) to fund the Loan Parties' funding requirements during the CCAA Proceedings in pursuit of a Successful Bid pursuant to and in accordance with the SISP, including funding, during such period (i) working capital and (ii) other general corporate purposes of the Loan Parties, in each case in accordance with the DIP Budget;
- (b) to pay the interest owing to the Lender under the Loan Documents; and
- (c) to pay the reasonable and documented financial advisory fees and expenses and the reasonable and documented legal fees and expenses of the Loan Parties and the Monitor (as defined below) (it being acknowledged by the Loan Parties and the Lender that those fees and expenses incurred to the date hereof and those provided for in the DIP Budget as of the date hereof are reasonable).

For greater certainty, the Borrower may not use the proceeds of the DIP Facility to pay any pre-filing obligations of the Loan Parties without the prior written consent of the Lender; it being agreed by the Lender that such consent is not required for the Loan Parties to pay, (i) pre-filing amounts permitted pursuant to the Initial Order, (ii) amounts due to trade creditors in the Ordinary Course, (iii) taxes, accrued payroll and other Ordinary

Course liabilities, provided in each case that such amounts under items (i), (ii), and (iii) are included in the DIP Budget, or (iv) any other amounts owing by the Loan Parties to the extent permitted by the DIP Budget.

10. VOLUNTARY PREPAYMENTS:

Provided the Monitor (i) is satisfied that the Loan Parties have sufficient cash reserves to satisfy amounts secured by the Permitted Priority Liens and (ii) provides its consent, the Borrower may prepay any amounts outstanding under the DIP Facility at any time prior to the Maturity Date. Any amount repaid under this Section 10 may not be reborrowed.

11. MANDATORY REPAYMENTS:

Unless otherwise consented to in writing by the Lender, and provided the Monitor is satisfied that the Loan Parties have sufficient cash reserves to satisfy amounts secured by the Permitted Priority Liens, the DIP Facility shall be promptly repaid and the Facility Amount shall be permanently reduced upon (i) a sale of any of the Collateral (excluding the GGB Florida Shares) outside of the Ordinary Course (or any sale of obsolete or worn out equipment or other assets unless proceeds thereof are used to purchase replacement equipment or other assets), and consented to in writing by the Lender, in an amount equal to the net cash proceeds of such sale (for greater certainty, net of transaction fees and applicable taxes in respect thereof); and (ii) receipt of any net insurance proceeds in respect of any Collateral, in an amount equal to such insurance proceeds received. Any amount repaid under this Section 11 may not be reborrowed.

12. CONDITIONS TO INITIAL AVAILABILITY

The Lender's agreement to make the Initial Availability Amount available to the Borrower shall be subject to satisfaction of the following conditions precedent for each advance in respect thereof (the "**Initial Availability Conditions**"):

- (a) The Loan Parties shall have executed and delivered this Term Sheet to the Lender.
- (b) The Loan Parties shall have filed an application record with the Court, in form and substance satisfactory to the Lender, seeking approval of this Term Sheet, the DIP Facility, and the granting of a charge in the amount of US\$7,200,000 to the Lender (the "**Lender Charge**") with the priority of the Lender Charge as provided for herein, and providing notice to all secured parties who may be affected by the Lender Charge.
- (c) The Court shall have issued the Initial Order, in form and substance satisfactory to the Lender, approving the Term Sheet and the other Loan Documents and granting the Lender Charge on the Collateral of the CCAA Applicants, securing all obligations owing by the CCAA

Applicants to the Lender under the Loan Documents including, without limitation, all principal, interest and costs and expenses of the Lender as set out in Section 14 (collectively, the “**Financing Obligations**”) and providing, among other things, that the Lender Charge shall have priority on such Collateral over all Liens, other than the Permitted Priority Liens, and such Initial Order shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in any manner that adversely affects the Lender, without the written consent of the Lender in its sole discretion.

- (d) The Lender shall have received confirmation that service has been effected on each holder of a Lien listed on the service list agreed between the Borrower and the Lender (or its counsel).
- (e) No Default or Event of Default has occurred and is continuing.
- (f) No Material Adverse Change shall have occurred since the Filing Date, except where a Material Adverse Change (in the absence of any other Material Adverse Change) is caused by such Loan Party or Loan Parties' required compliance with Applicable Laws in connection with the COVID-19 pandemic which were in effect on the Filing Date.
- (g) Since the Filing Date there shall not have occurred any payment, prepayment, redemption, purchase or exchange of any pre-filing indebtedness or equity, or amendment or modification of any of the terms thereof, except as expressly permitted by the terms of the Initial Order.
- (h) The DIP Budget shall be in form and substance satisfactory to the Lender.
- (i) All documented expenses (including all documented legal and professional fees and expenses on a full indemnity basis) of the Lender incurred in connection with its pre-filing claims and/or the DIP Facility shall have been paid in full (which documented expenses shall be deducted from the first advance of the DIP Facility).
- (j) No order is issued in the CCAA Proceedings or in any other court of competent jurisdiction relating to the DIP Facility or the Loan Documents which could reasonably be expected to materially adversely affect the interests of

the Lender.

- (k) A duly completed and executed Drawdown Request shall have been delivered by the Borrower to the Lender in accordance with Section 6.

For greater certainty, the Lender shall not be obligated to advance or otherwise make available any funds until all of the foregoing conditions have been satisfied and all of the foregoing documentation and confirmations have been obtained, each in form and substance satisfactory to the Lender, provided further that the Lender may, in its sole discretion, waive satisfaction of any one or more of such conditions precedent.

13. CONDITIONS TO FURTHER AVAILABILITY:

The Lender's agreement to the Further Availability Amount available to the Borrower shall be subject to satisfaction of the following conditions precedent for each advance in respect thereof (the "**Further Availability Conditions**"):

- (a) All appeal periods with respect to the Initial Order shall have expired with no notice of appeal, or motion to vary, amend, stay, reverse or otherwise affect the Initial Order having been filed or pending; provided that this condition is not required to be satisfied for the Further Availability Amount up to a maximum amount equal to \$1,110,000.
- (b) The Initial Availability Conditions have been satisfied and the Initial Availability Conditions in paragraphs (e), (f), (g) (h) and (j) thereof continue to be satisfied.
- (c) The Court shall have issued the SISP Order in form and substance satisfactory to the Lender, and the Loan Parties shall be acting in accordance with, and shall be complying with, the SISP and SISP Order, and the SISP Order shall not have been stayed, vacated or otherwise amended, restated or modified without the written consent of the Lender in its sole discretion.
- (d) The Loan Parties shall have executed and delivered the Guarantees and Security Documents.
- (e) The Lender shall have received evidence of perfected security interests in the Collateral with the priorities described herein and clear of all Liens other than those described herein (and subject to customary and limited exceptions to be agreed upon) pursuant to the Initial Order.
- (f) A duly completed and executed Drawdown Request shall have been delivered by the Borrower to the Lender

in accordance with Section 6.

For greater certainty, the Lender shall not be obligated to advance or otherwise make available any funds until all of the foregoing conditions have been satisfied and all of the foregoing documentation and confirmations have been obtained, each in form and substance satisfactory to the Lender, provided further that the Lender may, in its sole discretion, waive satisfaction of any one or more of such conditions precedent.

14. COSTS AND EXPENSES

The Borrower will reimburse the Lender, without duplication: (i) to and including the Filing Date for all reasonable and documented out-of-pocket expenses (including reasonable and documented legal and professional fees and expenses on a full indemnity basis) in connection with the negotiation and development of the Credit Bid and this Term Sheet and (ii) for all reasonable and documented out-of-pocket expenses (including reasonable and documented legal and professional fees and expenses on a full indemnity basis) in connection with the CCAA Proceedings, including due diligence, review and negotiation of filing materials, negotiation and documentation of the Loan Documents and related documentation and the on-going monitoring and administration of each and the enforcement of the Lender Charge and any other security for the Financing Obligations.

All such reasonable and documented out-of-pocket expenses (including reasonable and documented legal and professional fees and expenses on a full indemnity basis) of the Lender under paragraph (ii) above shall be included in the Financing Obligations and secured by the Lender Charge.

15. SECURITY:

All obligations of the Loan Parties under or in connection with the DIP Facility, this Term Sheet and the other Loan Documents shall be secured by the Security Documents and, with respect to the CCAA Applicants only, secured by the Lender Charge. The Lender Charge shall be in respect of all of the existing and after acquired real and personal, tangible and intangible, assets of the Borrower and of the other CCAA Applicants.

16. PERMITTED LIENS AND PRIORITY:

All Collateral will be free and clear of all other Liens, except for the Permitted Liens. The Lender Charge shall be subordinate only to the Permitted Priority Liens.

17. MONITOR:

The monitor in the CCAA Proceedings shall be Ernst & Young Inc. (the “**Monitor**”).

18. DIP BUDGET AND VARIANCE REPORTING:

Attached hereto as Schedule “C” is a copy of the agreed summary DIP Budget (excluding the supporting documentation provided directly to the Lender in connection therewith), which is in form and substance satisfactory to the Lender. The DIP Budget shall be the DIP Budget referenced in this Term Sheet

until such time as a revised DIP Budget has been approved by the Lender in accordance with this Section 18.

The Borrower may update and propose a revised DIP Budget to the Lender no more frequently than every two weeks (unless otherwise consented to by the Lender), in each case to be delivered to the Lender, its counsel and the Monitor, no earlier than the Friday of the second week following the date of the delivery of the prior DIP Budget. Such proposed revised DIP Budget shall have been reviewed and approved by the Monitor. If the Lender, in its sole discretion, approves such revised DIP Budget, such revised DIP Budget shall become the DIP Budget for purposes of this Term Sheet.

On the last Business Day of every week, the Borrower shall deliver to the Lender and its counsel, a variance calculation (the “**Variance Report**”) setting forth (i) actual receipts and disbursements for the preceding week and (ii) actual receipts and disbursements on a cumulative basis since the beginning of the period covered by the then-current DIP Budget, in each case as against the then-current DIP Budget, and setting forth all the variances, on a line-item and aggregate basis in comparison to the amounts set forth in respect thereof in the DIP Budget; each such Variance Report to be promptly discussed with the Lender and its counsel and financial advisors. Each Variance Report shall include reasonably detailed explanations for any material variances during the relevant period.

19. REPRESENTATIONS AND WARRANTIES: Each of the Loan Parties represents and warrants to the Lender, upon which the Lender is relying in entering into this Term Sheet and the other Loan Documents, that:

- (a) each Loan Party has been duly formed and is validly existing under the law of its jurisdiction of incorporation;
- (b) each Loan Party has the requisite power and authority to enter into this Term Sheet and perform its obligations hereunder;
- (c) all necessary action, corporate or otherwise, has been taken to authorize the execution, delivery and performance by each Loan Party of this Term Sheet. Each Loan Party has duly executed and delivered this Term Sheet and such Term Sheet constitutes legal, valid and binding obligations of such Loan Party, enforceable against such Loan Party in accordance with its terms, subject only to any limitation under Applicable Laws relating to (i) bankruptcy, insolvency, reorganization, moratorium or creditors’ rights generally; and (ii) the discretion that a court may exercise in the granting of

equitable remedies;

- (d) except for the entry of the Initial Order, filings or recordings already made or to be made pursuant to any federal law, rule or regulation, no authorization, approval or other action by, and no notice to or filing with, any Governmental Authority or other Person, is required for:
 - (i) the due execution, delivery, recordation, filing or performance by any Loan Party of this Term Sheet or for the consummation of each of the transactions contemplated hereby; or
 - (ii) the grant by any Loan Party of the Liens and security interests granted or to be granted by it pursuant to the Loan Documents.
- (e) the execution, delivery and performance by each Loan Party of this Term Sheet, the borrowing under the DIP Facility and the grant of security in connection therewith do not and will not conflict with, result in any breach or violation of, or constitute a default under, the terms, conditions or provisions of, (i) the charter or constating documents or by laws of, or any shareholder agreement or declaration relating to, such Loan Party; (ii) any law, regulation, judgment, decree or order binding on or applicable to such Loan Party or to which its property is subject, or (iii) any material contract or any material lease, licence, permit or other instrument to which such Loan Party is a party or is otherwise bound or by which such Loan Party benefits or to which its property is subject (except for any default or breach resulting from commencement of the CCAA Proceedings or the entry of the Initial Order or any other default in respect of which the exercise of enforcement rights or remedies against the applicable Loan Party would be stayed by virtue of the CCAA Proceedings).
- (f) the business operations of the Loan Parties have been and continue to be conducted in material compliance with all laws of each jurisdiction in which the business has been or is carried out, except (i) to the extent that failure to comply would not reasonably be expected to cause a Material Adverse Change and (ii) U.S. federal laws, statutes and/or regulations, as applicable, relating to the cultivation, processing, extraction, tracking, distribution or possession of cannabis and cannabis related products and substances;
- (g) each Loan Party has good and marketable title to all of its property, assets and undertaking, in each case free

from any Lien other than Permitted Liens;

- (h) other than the equity interests of GGB Canada Inc., Green Growth Brands Realty Ltd., and Xanthic Pharma Limited, the Collateral consisting of equity interests of the Loan Parties and its subsidiaries are uncertificated and are not subject to any control agreement;
- (i) each Loan Party maintains adequate insurance coverage, as is customary with companies in the same or similar business of such type, in such amounts and against such risks as is prudent for a business of its nature with financially sound and reputable insurers and that contain reasonable coverage and scope;
- (j) except as otherwise disclosed to the Lender in writing, or payments which are otherwise addressed in the DIP Budget, each Loan Party has, in respect of all prior fiscal periods (i) filed all material tax returns, except in respect of any prior fiscal period for which the due date for filing the applicable tax return has not yet occurred and (ii) paid all material taxes owing for all prior fiscal periods except for any taxes that are not yet due and payable.
- (k) except as otherwise disclosed to the Lender in writing, or payments which are otherwise addressed in the DIP Budget, each Loan Party has maintained and paid current its material obligations for payroll, source deductions, retail sales tax, and all other applicable taxes, and is not in arrears of its statutory obligations to pay or remit any amount in respect of these obligations;
- (l) except as otherwise disclosed to the Lender in writing, there have been no extensions, supplements or amendments to the employment agreements of any senior officers or senior managers of the Loan Parties earning \$100,000 (or its equivalent in an alternative currency) or more per annum, including all bonuses and other cash compensation, and there are no other written employment agreements for any such senior officers or senior managers;
- (m) other than as stayed pursuant to the Initial Order or disclosed in writing to the Lender prior to the Filing Date, there is not now pending or, to the knowledge of any of the senior officers or directors of any Loan Party, threatened against any Loan Party, nor has any Loan Party received notice in respect of, any claim, potential claim, litigation, action, suit, arbitration or other proceeding by or before any court, tribunal, governmental entity or regulatory body, which would be

reasonably likely to result in, individually or in the aggregate, a Material Adverse Change;

- (n) except as disclosed to the Lender in writing (including as disclosed in materials filed in connection with the CCAA Proceedings) there are no agreements of any kind between any Loan Party and any other third party or any holder of debt or equity securities of any Loan Party with respect to any restructuring, refinancing or recapitalization matters except for this Term Sheet and the transactions contemplated hereunder;
- (o) none of the Loan Parties has any partially-owned or wholly-owned subsidiaries which are not Loan Parties, other than the Excluded Subsidiaries;
- (p) none of the Excluded Subsidiaries (other than Green Growth Brands LLC and its direct or indirect subsidiaries; GGB Florida LLC; GGB Florida Land LLC; and Spring Oaks Greenhouses, Inc.) (i) engages in or carries on any business whatsoever (other than the maintenance of its own existence); (ii) maintains any deposit accounts or owns any accounts, inventory, equipment or other personal or real property or assets (other than equity interests in another Excluded Subsidiary); or (iii) has any liabilities or obligations owing to, nor has it granted any Lien in favour of, any Person, including any Loan Party; and
- (q) no Default or Event of Default has occurred and is continuing.

20. AFFIRMATIVE COVENANTS:

Each of the Loan Party agrees to do, or cause to be done, the following:

- (a) duly and punctually pay, or cause to be duly and punctually paid, to the Lender all amounts payable hereunder and under the Loan Documents when due;
- (b) comply with the provisions of all Court Orders and take all actions necessary or available to defend the Court Orders from any appeal, reversal, modifications, amendment, stay or vacating not expressly consented to in writing in advance by the Lender;
- (c) comply with the DIP Budget subject to the Maximum Cumulative Variance;
- (d) provide the Lender with copies of all motions, applications, proposed orders (including without limitation, the draft Initial Order) or other materials or

documents that any of Loan Parties intend to file in the CCAA Proceedings at least three (3) Business Days prior to any such filing or, where it is not practically possible to do so within such time, as soon as possible and in any event not less than one day prior to the date on which such motion, application, proposed order or other materials or document is served on the service list in respect of the CCAA Proceedings; provided that prior to the filing or service, all such materials and documents by the Loan Parties shall be in form and substance acceptable to the Lender, acting reasonably, to the extent that any such materials or documents adversely affect or can reasonably be expected to adversely affect the rights and interests of the Lender or relate to the SISF;

- (e) keep the Lender apprised on a timely basis of all material developments with respect to the business and affairs of the Loan Parties and the CCAA Proceedings, including all matters relating to the SISF, in each case subject to disclosure restrictions contained in the SISF Order;
- (f) deliver to the Lender the reporting and other information from time to time reasonably requested by the Lender and that are set out in the Loan Documents including, without limitation, the Variance Reports at the times set out herein;
- (g) use the proceeds of the DIP Facility only in accordance with Section 9 and with the restrictions set out herein;
- (h) notify the Lender of any Default or Event of Default, Material Adverse Change, any material adverse effects on its business due to the COVID-19 pandemic, or any material claims, proceedings, litigation or actions in respect of which a Complaint, Notice of Claim or a Statement of Claim has been served upon a Loan Party;
- (i) notify the Lender of all material developments with respect to the business affairs of the Loan Parties, the SISF and the CCAA Proceedings, including providing draft copies of all motions, applications, proposed orders or other materials or documents that any Loan Party intends to file in the CCAA Proceedings;
- (j) preserve, renew and keep in full force its corporate existence;
- (k) at all times maintain adequate insurance coverage, as is customary with companies in the same or similar

business of such type, in such amounts and against such risks as is prudent for a business of its nature with financially sound and reputable insurers and that contain reasonable coverage and scope;

- (l) preserve, maintain and renew its Cannabis Licenses and its other material licenses and permits;
- (m) allow a representative of the Lender reasonable access to the books, records, financial information and electronic data rooms of or maintained by the Loan Parties in connection with matters reasonably related to the DIP Facility;
- (n) within 10 Business Days of the Effective Date, deliver to the Lender originally executed share certificates representing the equity interests issued by each of GGB Canada Inc., Green Growth Brands Realty Ltd., and Xanthic Biopharma Limited, together with originally executed and undated share transfer powers in respect of such share certificates; and
- (o) achieve the following milestones related to the CCAA Proceedings or the SISP (the “**Milestones**”):
 - (i) the SISP Order shall have been entered into on or before June 8, 2020; and
 - (ii) In the event that no qualified Phase I (as defined in the SISP) bid is submitted in accordance with the SISP on or before July 6, 2020:
 - (1) the Borrower shall select the Credit Bid as the Successful Bid on or before July 8, 2020;
 - (2) the court order approving the Credit Bid shall have been entered on or before July 13, 2020;
 - (3) the Credit Bid shall have closed by no later than August 16, 2020, unless otherwise agreed by the Lender; or
 - (iii) in the event that no qualified Phase II (as defined in the SISP) bids are received in accordance with the SISP on or before August 8, 2020:
 - (1) the borrower shall select the Credit Bid as the Successful Bid on or before August 10, 2020;

- (2) the court order approving the Credit Bid shall have been entered on or before August 17, 2020; and
- (3) the Credit Bid shall have closed by no later than September 9, 2020, unless otherwise agreed by the Lender; or
- (iv) In the event that a Successful Bid is selected in accordance with the SISF on or before August 10, 2020, such Successful Bid shall have closed by no later than September 9, 2020, unless otherwise agreed by the Lender.

21. NEGATIVE COVENANTS:

Each of the Loan Parties covenants and agrees not to do, or cause not to be done, the following, other than with the prior written consent of the Lender or with the express consent required as outlined below or in accordance with and as expressly permitted by the CCAA Proceedings:

- (a) transfer, lease or otherwise dispose of all or any part of their property, assets or undertaking outside of the Ordinary Course, except for (i) the disposition of obsolete or worn out equipment or assets consistent with past practice, and (ii) the disposition of any GGB Florida Shares;
- (b) make any payment, including, without limitation, any payment of principal, interest or fees, in respect of pre-filing indebtedness, or in respect of any other pre-filing liabilities, including payments with respect to pre-filing trade or unsecured liabilities of the Loan Parties, other than as required or permitted pursuant to the Initial Order or as otherwise expressly permitted under this Term Sheet or the DIP Budget;
- (c) (i) create or permit to exist any indebtedness other than (A) the indebtedness existing as of the date of this Term Sheet and disclosed to the Lender in writing, (B) the Financing Obligations, (C) post-filing trade payables or other unsecured obligations incurred in the Ordinary Course in accordance with the DIP Budget and the Initial Order, and (D) any indebtedness secured by the Permitted Priority Liens; or (ii) make or give any financial assurances, in the form of bonds, letter of credit, financial guarantees or otherwise to any Person or Governmental Authority;
- (d) make (i) any distribution, dividend, return of capital or other distribution in respect of equity securities (in cash,

securities or other property or otherwise), or (ii) a retirement, redemption, purchase or repayment or other acquisition of equity securities or indebtedness (including any payment of principal, interest, fees or any other payments thereon);

- (e) (i) enter into, renew, amend or modify any transaction or contractual relationship with any Related Party, or (ii) make any payment with respect to, or perform any obligation under, an agreement with a Related Party other than in accordance with the DIP Budget, or as may be required in order for such Loan Party to comply with Applicable Law related to the COVID-19 pandemic;
- (f) enter into, renew, amend, modify or assume any employment, consulting or analogous agreement or arrangement with any director, senior or executive officer or senior management of the Loan Parties or any Related Party, or make any payment to any such Person in respect of any bonus, change of control payment or severance package of any kind whatsoever other than (i) as consented to by the Monitor and approved by the Court on prior notice to the Lender or (ii) as consented to by the Lender, acting reasonably;
- (g) make any investments or acquisitions of any kind, direct or indirect, in any business or otherwise other than as reflected in the DIP Budget;
- (h) other than the Monitor and the legal, financial or other advisors to the Loan Parties, engaged as of the date hereof, pay, incur any obligation to pay, or establish any retainer with respect to, the fees, expenses or disbursements of a legal, financial or other advisor of any party, unless such fees, expenses or disbursements, as applicable, are reviewed and confirmed in advance by the Lender;
- (i) create or permit to exist any Liens on any of its properties or assets other than the Permitted Liens;
- (j) challenge, or support any challenge of, the Liens and claims of the Lender;
- (k) terminate any agreement with a Related Party or amend such agreement in any manner which is reasonably likely to cause a Material Adverse Change;
- (l) seek, obtain or support any Court Order or any amendment or modification to a Court Order except with the prior written consent of the Lender, (i) in its sole

discretion in respect of any Court Order or amendment thereto relating to the DIP Facility, the SISP or any other matter that adversely affects the Lender and (ii) acting reasonably in respect of any other Court Order or amendment thereto;

- (m) amend or consent to any amendment to the Credit Bid that affects the interests, rights and obligations of the parties thereto;
- (n) seek to obtain, or consent to an application or motion brought by any other Person for, approval by the Court of an Alternative Transaction that is not a Successful Bid;
- (o) except in accordance with the SISP or any Successful Bid, commence, continue or seek Court approval of any other restructuring transaction without the prior written consent of the Lender in its sole discretion;
- (p) amalgamate, consolidate with or merge into or sell all or substantially all of its assets to another entity (other than the sale of any GGB Florida Shares), change its jurisdiction of organization, change its name, or change its corporate or capital structure (including its organizational documents) or enter into any agreement committing to such actions except in connection with any Successful Bid;
- (q) make a public announcement in respect of, enter into any agreement or letter of intent with respect to, or attempt to consummate, or support an attempt to consummate by another party, any transaction or agreement outside the Ordinary Course except for a Successful Bid;
- (r) enter into any settlement agreement or agree to any settlement arrangements in connection with any litigation, arbitration, other investigations, proceedings or disputes or other similar proceedings which are threatened or pending against any one of them without the prior written consent of the Lender, or make any payments or repayments to customers, outside the Ordinary Course, other than those set out in the DIP Budget;
- (s) cease (or threaten to cease) to carry on its business or activities as currently being conducted or modify or alter in any material manner the nature and type of its operations, business or the manner in which such business is conducted, in each case other than as may

be required in order for such Loan Party to comply with Applicable Law related to the COVID-19 pandemic;

- (t) seek, or consent to the appointment of, a receiver or trustee in bankruptcy or any similar official in any jurisdiction;
- (u) create any new subsidiary;
- (v) convert any existing equity interests that are uncertificated into certificated securities;
- (w) transfer or sell any assets, undertaking or property to any Excluded Subsidiary or enter into any agreement with any Excluded Subsidiary; and
- (x) cause or permit any Excluded Subsidiary (other than Green Growth Brands LLC and its direct or indirect subsidiaries; GGB Florida LLC; GGB Florida Land LLC; and Spring Oaks Greenhouses, Inc.) to (i) engage in or carry on any business whatsoever (other than the maintenance of its own existence); (ii) establish or maintain any deposit account or own any accounts, inventory, equipment, or other personal or real property or assets; (iii) incur any liabilities or obligations or grant any Lien in favour of any other Person; or (iv) issue any new equity securities.

22. EVENTS OF DEFAULT:

The occurrence of any one or more of the following events shall constitute an event of default (each an “**Event of Default**”) under this Term Sheet:

- (a) failure of the Borrower to pay principal, interest or other amounts (other than any amounts under Section 14) within two (2) Business Days of such amounts becoming due under this Term Sheet or any other Loan Document;
- (b) breach or default in the due performance by a Loan Party of any of its obligations (other than payment of any amounts under Section 14) (i) under this Term Sheet or the other Loan Documents (other than a breach or default described elsewhere in this Section 22 including clause (ii) of this paragraph (b)) and such breach or default (A) remains unremedied for longer than 3 Business Days; or (B) where a longer specific grace period is allowed in the Loan Documents for that breach or default, such breach or default remains unremedied at the end of such longer grace period permitted by the applicable Loan Document; or (ii) under Sections 20(c), (g), (j), or (o) or Section 21 (which, for greater certainty,

in each case is not subject to any cure or grace period);

- (c) any representation or warranty by a Loan Party made or deemed to be made in this Term Sheet or any other Loan Document is or proves to be incorrect or untrue in any material respect as of the date made or deemed to be made; provided that, in the event the Lender or its representatives had knowledge that such representation or warranty (as applicable) was incorrect or untrue on or prior to the date made or deemed to be made, the existence of such incorrect or untrue representation or warranty will not constitute an Event of Default;
- (d) issuance of an order (i) dismissing the CCAA Proceedings or lifting the stay in the CCAA Proceedings to permit the enforcement of any security against any Loan Party or the Collateral, the appointment of a receiver, interim receiver or similar official, an assignment in bankruptcy, or the making of a bankruptcy order or receiving order against or in respect of any Loan Party, in each case which order is not stayed pending appeal thereof, and other than in respect of a non-material asset not required for the operations of any Loan Party's business and which is subject to a Permitted Priority Lien; (ii) granting any other Lien in respect of the Collateral that is in priority to or pari passu with the Lender Charge other than as permitted pursuant to this Term Sheet, or (iii) staying, reversing, vacating or otherwise modifying this Term Sheet or the other Loan Documents, any Court Order without the prior written consent of the Lender, (x) in its sole discretion in respect of any Court Order or amendment thereto relating to the DIP Facility, the SISF or any other matter that adversely affects the Lender and (y) acting reasonably in respect of any other amendment;
- (e) unless consented to in writing by the Lender, the expiry without further extension of the stay of proceedings provided for in the Initial Order;
- (f) any Loan Party ceases (or threatens to cease) to carry on business in the Ordinary Course, except where such cessation occurs in connection with a Successful Bid;
- (g) (i) a Variance Report is not delivered when due under this Term Sheet; or (ii) for the relevant weekly period in the DIP Budget, there shall exist a negative variance of actual cumulated net disbursements as compared to budgeted cumulative net disbursements for the same week in the DIP Budget in excess of \$100,000 ("**Maximum Cumulative Variance**"); provided, however,

it is understood that if the Borrower and the Monitor provide satisfactory assurance to the Lender that they do not expect that the actual cumulative net disbursements as at August 15, 2020 will exceed the cumulative net disbursements as at August 15, 2020 set out in the DIP Budget by an amount more than the Maximum Cumulative Variance, they may request the consent of the Lender, which will not be unreasonably withheld, to accelerate payments contemplated in the DIP Budget to an earlier week and such consent of Lender, if provided, shall not be a waiver of the Maximum Cumulative Variance for any period on or after the date such payment was originally scheduled to be made in the DIP Budget.

- (h) unless the Lender has consented thereto in writing, the filing by any of the Loan Parties of any motion or proceeding which (i) is not consistent with any provision of this Term Sheet, the Loan Documents, any Court Order, the Credit Bid or the SISF, as applicable, (ii) seeks to obtain a “critical supplier charge” or similar protection pursuant to the CCAA in favour of any party, (iii) could otherwise reasonably be expected to materially adversely affect the interests of the Lender, (iv) seeks an order which, if granted, could reasonably be expected to result in a Material Adverse Change, (v) seeks to continue the CCAA Proceedings under the jurisdiction of a court other than the Court or (vi) seeks to initiate any restructuring proceedings other than the CCAA Proceedings in any court or jurisdiction;
- (i) any proceeding, motion or application shall be commenced or filed by any Loan Party, or if commenced by another party, supported, remain unopposed or otherwise consented to by any Loan Party, seeking the approval of any Alternative Transaction that is not a Successful Bid or otherwise approved in writing by the Lender;
- (j) any order, judgment, determination, declaration or similar relief is made or issued by a court of competent jurisdiction (i) invalidating, setting aside, avoiding or subordinating, in whole or in part, the obligations of the Borrower or the Guarantors under the definitive documents or the Lender’s liens on its collateral, (ii) for monetary, injunctive or other affirmative relief against the Lender or any or all of its Collateral, or (iii) preventing, hindering or otherwise delaying the exercise by any or all of the Lender of any of its rights and remedies under the Loan Documents or Applicable Law, or the enforcement or realization (whether by foreclosure, credit bid, further

order of the Court or otherwise) by the Lender upon any of its collateral;

- (k) the entry of an order avoiding or requiring disgorgement of any portion of the payments made on account of the obligations owing to the Lender under any of the Loan Documents;
- (l) the making by any Loan Party of a payment of any kind that is not permitted by this Term Sheet or the Loan Documents or is not consistent with the DIP Budget;
- (m) the denial or repudiation by any Loan Party of the legality, validity, binding nature or enforceability of (i) this Term Sheet or any other Loan Document; or (ii) the pre-filing obligations of the Loan Parties to the Lender in its capacity as significant pre-filing creditors of the Loan Parties under any document governing such obligations;
- (n) except as stayed by order of the Court, the entry of one or more final judgments, writs of execution, garnishment or attachment representing a claim or claims in excess of US\$250,000 for any single claim or US\$1,000,000 in the aggregate for all such claims, against any Loan Party or the Collateral that is not released, bonded, satisfied, discharged, vacated, stayed or accepted for payment by an insurer within 30 days after their entry, commencement or levy;
- (o) any addition, removal or replacement of directors from the board of directors (other than any resignation) of any Loan Party unless acceptable to the Lender; or
- (p) the occurrence of a Material Adverse Change, except where a Material Adverse Change (in the absence of any other Material Adverse Change) is caused by such Loan Party or Loan Parties' required compliance with Applicable Laws in connection with the COVID-19 pandemic which were in effect on the Filing Date.

23. REMEDIES:

Upon the occurrence and during the continuance of an Event of Default, and subject to the Court Orders, without any further notice or demand, the Lender may, in its sole discretion, terminate its commitment under the DIP Facility and declare the obligations owing to it under the Loan Documents to be immediately due and payable.

Without limiting the foregoing remedies, upon the occurrence and during the continuance of an Event of Default, the Lender may, in its sole discretion:

- (a) apply to a court for the appointment of a receiver, an interim receiver or a receiver and manager over the Collateral, or for the appointment of a trustee in bankruptcy of the Borrower or any of the other Loan Parties;
- (b) set-off or combine any amounts then owing by the Lender to the Loan Parties against the obligations of any of the Loan Parties to the Lender hereunder or under any other Loan Document;
- (c) subject to obtaining prior approval from the Court, exercise the powers and rights of a secured party under the *Personal Property Security Act* (Ontario), or any legislation of similar effect; and
- (d) subject to obtaining prior approval from the Court, exercise all such other rights and remedies under this Term Sheet, the other Loan Documents, the Court Orders and Applicable Law.

**24. CURRENCY;
JUDGMENT
CURRENCY:**

Unless otherwise stated, all monetary denominations shall be in lawful currency of the United States and all payments made by the Borrower or any Guarantor under this Term Sheet shall be in United States dollars.

If for the purposes of obtaining judgment in any court it is necessary to convert all or any part of the Financing Obligations or any other amount due to the Lender in respect of this Term Sheet in any currency (the “**Original Currency**”) into another currency (the “**Other Currency**”), the Borrower, to the fullest extent that it may effectively do so, agrees that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the Lender could purchase the Original Currency with the Other Currency on the Business Day preceding that on which final judgment is paid or satisfied.

The obligations of the Borrower in respect of any sum due in the Original Currency from it to the Lender shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by the Lender, of any sum adjudged to be so due in such Other Currency the Lender may, in accordance with its normal banking procedures, purchase the Original Currency with such Other Currency. If the amount of the Original Currency so purchased is less than the sum originally due to the Lender in the Original Currency, the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Lender against such loss, and if the amount of the Original Currency so purchased exceeds the sum originally due to the Lender in the Original Currency, the Lender agrees to remit such excess to the

Guarantor.

25. INDEMNITIES:

The Loan Parties agree, on a joint and several basis, to indemnify and hold harmless the Lender and its directors, officers, employees, agents, attorneys, counsel and advisors (all such Persons being referred to hereafter as “**Indemnified Persons**”) from and against any and all actions, suits, proceedings, claims, losses, damages, liabilities or expenses of any kind or nature whatsoever (excluding indirect or consequential damages and claims for lost profits) which may be incurred by or asserted against any Indemnified Person (collectively, “**Claims**”) as a result of or arising out of or in any way related to the DIP Facility, this Term Sheet and the other Loan Documents and, upon demand, to pay and reimburse any Indemnified Person for any reasonable legal or other out-of-pocket expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding or claim; provided, however, the Borrower and other Loan Parties shall not be obligated to indemnify pursuant to this paragraph any Indemnified Person against any loss, claim, damage, expense or liability (x) to the extent it resulted from the gross negligence or wilful misconduct of such Indemnified Person as finally determined by a court of competent jurisdiction, or (y) to the extent arising from any dispute solely among Indemnified Persons other than any claims arising out of any act or omission on the part of the Borrower or the other Loan Parties. The Loan Parties shall not be responsible or liable to any Indemnified Person or any other person for consequential or punitive damages.

The indemnities granted under this Term Sheet shall survive any termination of the DIP Facility.

26. TAX:

All payments by the Borrower and any other Loan Parties under this Term Sheet or any other Loan Document to the Lender, including any payments required to be made from and after the exercise of any remedies available to the Lender upon an Event of Default, shall be made free and clear of, and without reduction for or on account of, any present or future taxes, levies, imposts, duties, charges, fees, deductions or withholdings of any kind or nature whatsoever or any interest or penalties payable with respect thereto now or in the future imposed, levied, collected, withheld or assessed by any country or any political subdivision of any country (collectively “**Taxes**”); provided, however, that if any Taxes are required by Applicable Law to be withheld (“**Withholding Taxes**”) from any amount payable to the Lender under this Term Sheet or any other Loan Document, the amount so payable to the Lender shall be increased to the extent necessary to yield to the Lender on a net basis after payment of all Withholding Taxes, the amount payable under such Loan Document at the rate or in the amount

specified herein or therein and the Borrower shall provide evidence satisfactory to the Lender that the Taxes have been so withheld and remitted. The Borrower's obligation to pay additional amounts shall be subject to customary exclusions for any Withholding Taxes arising as a result of a present or former connection between the Lender and the jurisdiction imposing Withholding Tax (excluding any connection arising solely in connection with the DIP Facility). If the Loan Parties are required to pay an additional amount to the Lender to account for any deduction or withholding, the Lender shall reasonably cooperate with the applicable Loan Parties (i) to claim any available exemption or reduction of withholding, or (ii) to obtain a refund of the amounts so withheld, including in each case by filing income tax returns in applicable jurisdictions, claiming a refund of such tax and /or providing evidence of entitlement to the benefits of any applicable tax treaty, as applicable. The amount of any refund so received, and interest paid by the tax authority with respect to any refund, shall be paid over by the Lender to the applicable Loan Parties promptly. If reasonably requested by the Loan Parties, the Lender shall apply to the relevant taxing authority to obtain a waiver from such withholding requirement, and the Lender shall cooperate with the applicable Loan Parties and assist such Loan Parties to minimize the amount of deductions or withholdings required, including by providing the Loan Parties with a duly completed copy of Canada Revenue Agency form NR-303, as may be applicable (or any other applicable form). Notwithstanding the foregoing, the Lender may, in respect of any additional payment to which this Section 26 would otherwise apply and in its sole and unfettered discretion, decline to provide any of the information or cooperation (including the completion of any form) contemplated in this Section 26, provided it has waived its rights and entitlements thereunder in respect of such additional payment.

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| 27. | LIABILITIES JOINT AND SEVERAL: | The obligations and liabilities of the Loan Parties hereunder are joint and several. |
| 28. | EVIDENCE OF INDEBTEDNESS: | The Lender's accounts and records constitute, in the absence of manifest error, prima facie evidence of the indebtedness of the Borrower to the Lender pursuant to the DIP Facility. |
| 29. | FURTHER ASSURANCES: | The Loan Parties shall, at their expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the Lender may reasonably request for the purpose of giving effect to this Term Sheet. |
| 30. | AMENDMENTS AND | No waiver or delay on the part of the Lender in exercising any right or privilege hereunder will operate as a waiver hereof or |

- WAIVERS:** thereof unless made in writing by the Lender and delivered in accordance with the terms of this Term Sheet, and then such waiver shall be effective only in the specific instance and for the specific purpose given.
- No amendment of this Term Sheet shall be effective unless signed by all parties hereto.
- 31. ASSIGNMENT:** The Lender may assign the DIP Facility, this Term Sheet and the other Loan Documents to any Person as the Lender may determine and, in such event, such Person will be entitled to all of the rights and remedies of the Lender as set forth in this Term Sheet or such Loan Document or otherwise. The Lender shall provide notification to the Loan Parties of any such assignment.
- None of the Loan Parties may assign, transfer or delegate any of its rights or obligations under this Term Sheet or the other Loan Documents without the prior written consent of the Lender which may be unreasonably withheld.
- 32. SEVERABILITY:** Any provision in this Term Sheet which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.
- 33. NOTICES** Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or sent by electronic mail to such party at its address set out on its signature page hereof. Any such notice, request or other communication hereunder shall be concurrently sent to the Monitor and its counsel.
- Any such notice shall be deemed to be given and received when received, unless received after 5:00 p.m. Eastern Time or on a day other than a Business Day, in which case the notice shall be deemed to be received the next Business Day.
- 34. GOVERNING LAW:** This Term Sheet shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the Lender to enforce this Term Sheet in any other proper jurisdiction, the Loan Parties irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.
- 35. COUNTERPARTS; ELECTRONIC SUBMISSION:** This Term Sheet may be executed in any number of counterparts and by facsimile or other electronic transmission including "pdf email", each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same

instrument.

[SIGNATURE PAGES FOLLOW]

Green Growth Brands
4300 E. Fifth Avenue
Columbus, Ohio 43219

Attention: Randy Whitaker
Kent Kiffner

E-mail:

rwhitaker@greengrowthbrands.com

kkiffner@greengrowthbrands.com

GREEN GROWTH BRANDS INC., as
Borrower

By: *Raymond C. Whitaker III*

Name: Raymond C. Whitaker III

Title: Authorized Signatory

EXECUTION COPY

Green Growth Brands
4300 E. Fifth Avenue
Columbus, Ohio 43219

Attention: Randy Whitaker
Kent Kiffner

E-mail:

rwhitaker@greengrowthbrands.com

kkiffner@greengrowthbrands.com

XANTHIC BIOPHARMA LIMITED, as a
Guarantor

By:



Name: Tim Moore

Title: Authorized Representative

EXECUTION COPY

Green Growth Brands
4300 E. Fifth Avenue
Columbus, Ohio 43219

Attention: Randy Whitaker

E-mail:
rwhitaker@greengrowthbrands.com

GGB CANADA INC., as a Guarantor

By: *Raymond C. Whitaker III*

Name: Raymond C. Whitaker III

Title: Authorized Signatory

Green Growth Brands
4300 E. Fifth Avenue
Columbus, Ohio 43219

Attention: Randy Whitaker
Kent Kiffner

E-mail:

rwhitaker@greengrowthbrands.com

kkiffner@greengrowthbrands.com

GGB HOLDCO INC., as a Guarantor

By: *Raymond C. Whitaker III*

Name: Raymond C. Whitaker III

Title: Authorized Signatory

EXECUTION COPY

Green Growth Brands
4300 E. Fifth Avenue
Columbus, Ohio 43219

Attention: Randy Whitaker
Kent Kiffner

E-mail:

rwhitaker@greengrowthbrands.com
kkiffner@greengrowthbrands.com

GGB GREEN HOLDINGS LLC, as a
Guarantor

By: *Raymond C. Whitaker III*

Name: Raymond C. Whitaker III

Title: Authorized Signatory

EXECUTION COPY

Green Growth Brands
4300 E. Fifth Avenue
Columbus, Ohio 43219

Attention: Randy Whitaker
Kent Kiffner

E-mail:

rwhitaker@greengrowthbrands.com

kkiffner@greengrowthbrands.com

GGB MASSACHUSETTS LLC, as a
Guarantor

By:



Name: Kent Kiffner

Title: Authorized Representative

EXECUTION COPY

Green Growth Brands
4300 E. Fifth Avenue
Columbus, Ohio 43219

Attention: Randy Whitaker
Kent Kiffner

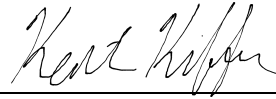
E-mail:

rwhitaker@greengrowthbrands.com

kkiffner@greengrowthbrands.com

GGB MASSACHUSETTS LAND LLC, as a
Guarantor

By:



Name: Kent Kiffner

Title: Authorized Representative

EXECUTION COPY

Green Growth Brands
4300 E. Fifth Avenue
Columbus, Ohio 43219

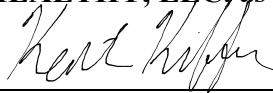
Attention: Randy Whitaker
Kent Kiffner

E-mail:

rwhitaker@greengrowthbrands.com

kkiffner@greengrowthbrands.com

JUST HEALTHY, LLC, as a Guarantor

By: 

Name: Kent Kiffner

Title: Authorized Representative

Green Growth Brands
4300 E. Fifth Avenue
Columbus, Ohio 43219

Attention: Randy Whitaker
Kent Kiffner

E-mail:

rwhitaker@greengrowthbrands.com

kkiffner@greengrowthbrands.com

GGB NEVADA LLC, as a Guarantor

By: *Raymond C. Whitaker III*

Name: Raymond C. Whitaker III

Title: Authorized Signatory

EXECUTION COPY

Green Growth Brands
4300 E. Fifth Avenue
Columbus, Ohio 43219

Attention: Randy Whitaker
Kent Kiffner

E-mail:

rwhitaker@greengrowthbrands.com

kkiffner@greengrowthbrands.com

GGB NEVADA LAND LLC, as a Guarantor

By: *Raymond C. Whitaker III*

Name: Raymond C. Whitaker III

Title: Authorized Signatory

EXECUTION COPY

Green Growth Brands
4300 E. Fifth Avenue
Columbus, Ohio 43219

Attention: Randy Whitaker
Kent Kiffner

E-mail:
rwhitaker@greengrowthbrands.com
kkiffner@greengrowthbrands.com

GGB NEVADA PAHRUMP LLC, as a
Guarantor

Raymond C. Whitaker III

By: _____

Name: Raymond C. Whitaker III

Title: Authorized Signatory

Green Growth Brands
4300 E. Fifth Avenue
Columbus, Ohio 43219

Attention: Randy Whitaker
Kent Kiffner

E-mail:

rwhitaker@greengrowthbrands.com

kkiffner@greengrowthbrands.com

NEVADA ORGANIC REMEDIES LLC, as a
Guarantor

By: *Raymond C. Whitaker III*

Name: Raymond C. Whitaker III

Title: Authorized Signatory

Green Growth Brands
4300 E. Fifth Avenue
Columbus, Ohio 43219

Attention: Randy Whitaker
Kent Kiffner

E-mail:

rwhitaker@greengrowthbrands.com

kkiffner@greengrowthbrands.com

**HENDERSON ORGANIC REMEDIES
LLC**, as a Guarantor

By: *Raymond C. Whitaker III*

Name: Raymond C. Whitaker III

Title: Authorized Signatory

Green Growth Brands
4300 E. Fifth Avenue
Columbus, Ohio 43219

Attention: Randy Whitaker
Kent Kiffner

E-mail:
rwhitaker@greengrowthbrands.com
kkiffner@greengrowthbrands.com

**WELLNESS ORCHARDS OF NEVADA
LLC**, as a Guarantor

By: *Raymond C. Whitaker III*

Name: Raymond C. Whitaker III

Title: Authorized Signatory

EXECUTION COPY

Green Growth Brands
4300 E. Fifth Avenue
Columbus, Ohio 43219

Attention: Randy Whitaker
Kent Kiffner

E-mail:

rwhitaker@greengrowthbrands.com

kkiffner@greengrowthbrands.com

SAHARA MERCHANTS LLC, as a
Guarantor

By: *Raymond C. Whitaker III*

Name: Raymond C. Whitaker III

Title: Authorized Signatory

EXECUTION COPY

Green Growth Brands
4300 E. Fifth Avenue
Columbus, Ohio 43219
Attention: Randy Whitaker
Kent Kiffner
E-mail:
rwhitaker@greengrowthbrands.com
kkiffner@greengrowthbrands.com

XANTHIC BIOPHARMA US HOLD CO.,
as a Guarantor

By: _____



Name: Tim Moore

Title: Authorized Representative

EXECUTION COPY

Green Growth Brands
4300 E. Fifth Avenue
Columbus, Ohio 43219

Attention: Randy Whitaker
Kent Kiffner

E-mail:

rwhitaker@greengrowthbrands.com

kkiffner@greengrowthbrands.com

XANTHIC COLORADO LLC, as a
Guarantor

By:



Name: Tim Moore

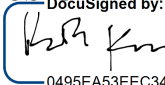
Title: Authorized Representative

EXECUTION COPY

4300 E. Fifth Avenue
Columbus, Ohio 43219

Attn: Benton E. Kraner
Tod H. Friedman, Esq.
Email: ben.kraner@spgroup.com
tod.friedman@spgroup.com

ALL JS GREENSPACE LLC, as Lender

By: 

Name: Benton E. Kraner
Title: Manager

SCHEDULE "A"**DEFINED TERMS**

"Administration Charge" means an administration charge in an aggregate amount not to exceed US\$1,000,000.

"Alternative Transaction" means any offer, restructuring, refinancing, recapitalization, sale, liquidation, workout or plan of compromise or arrangement or reorganization of, or in respect of, all or any of the Loan Parties or their respective assets and liabilities.

"Applicable Law" means, in respect of any Person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations and all applicable official directives, orders, judgments and decrees of any Governmental Authority having the force of law.

"Borrower" has the meaning given thereto in Section 1.

"Business Day" means any day other than a Saturday, Sunday or any other day in which banks in Toronto, Ontario are not open for business.

"Cannabis Licenses" means those licenses listed in Schedule "D" hereto.

"CCAA" has the meaning given in the recitals.

"CCAA Applicants" means, collectively, Green Growth Brands Inc., GGB Canada Inc., Green Growth Brands Realty Ltd., and Xanthic Biopharma Limited.

"CCAA Proceedings" has the meaning given in the recitals.

"Collateral" means all now owned or hereafter acquired assets and property of each of the Loan Parties, real and personal, tangible or intangible in respect of which the Lender has a Lien pursuant to a Security Document.

"Court" has the meaning given in the recitals.

"Court Order" means any of the Initial Order, the SISP Order and any other orders of the Court entered in connection with the CCAA Proceedings.

"Credit Bid" means a credit bid in the CCAA Proceedings pursuant to which the Lender and holders of (i) the secured convertible debentures issued pursuant to a convertible debenture indenture dated May 17, 2019 (ii) the secured convertible debentures issued pursuant to a convertible debenture indenture dated as of October 18, 2019, as supplemented by a supplemental debenture indenture dated as of March 6, 2020 will credit bid their respective secured debt for the acquisition of certain of the Borrower's operating and holding subsidiaries.

"Default" means an event or circumstance which, after the giving of notice or the passage of time, or both, will result in an Event of Default.

"DIP Budget" means the weekly financial projections prepared by the Loan Parties covering the period commencing on the week beginning May 17, 2020 and ending on the week ending August 15, 2020, on a weekly basis, which shall be in form and substance acceptable to the

Lender, acting reasonably (as to scope, detail and content), which financial projections may be amended from time to time in accordance with Section 18. For greater certainty, for purposes of this Term Sheet, the DIP Budget shall include all supporting documentation provided in respect thereof to the Lender.

"DIP Facility" has the meaning given thereto in Section 4.

"Directors' Charge" means a directors and officers liability charge in an amount not to exceed \$25,000.

"Effective Date" means the date that the Initial Availability Conditions have been satisfied.

"Event of Default" has the meaning given thereto in Section 22.

"Facility Amount" has the meaning given thereto in Section 4.

"Filing Date" means the date of commencement of the CCAA Proceedings.

"Financing Obligations" has the meaning given thereto in Section 12(c).

"Further Availability Amount" has the meaning given thereto in Section 5.

"Further Availability Conditions" has the meaning given thereto in Section 13.

"GGB Florida Shares" means the membership interests of GGB Florida LLC held by GGB Green Holdings LLC.

"Governmental Authority" means any federal, provincial, state, municipal, local or other government, governmental or public department, commission, board, bureau, agency or instrumentality, domestic or foreign and any subdivision, agent, commission, board or authority of any of the foregoing.

"Guarantee" means a guarantee made by each of the Guarantors in favour of the Lender, in form and substance satisfactory to the Lender, acting reasonably.

"Guarantors" has the meaning given thereto in Section 3.

"Initial Availability Amount" has the meaning given thereto in Section 5.

"Initial Availability Conditions" has the meaning given thereto in Section 12.

"Initial Order" means an initial order of the Court pursuant to which the Loan Parties shall commence the CCAA Proceedings, in form and substance satisfactory to the Lender.

"Lender" has the meaning given thereto in Section 2.

"Lender Charge" has the meaning given thereto in Section 12(b).

"Liens" means all liens, hypothecs, charges, mortgages, trusts, deemed trusts (statutory or otherwise), encumbrances and security interests of every kind and nature whatsoever.

“Loan Documents” means this Term Sheet, the Guarantees, the Security Documents and all other agreements, instruments and documents entered or delivered in connection therewith.

“Loan Parties” has the meaning given thereto in Section 3.

“Material Adverse Change” means any change, condition, event or occurrence, which, when considered individually or together with all other changes, conditions, events or occurrences, could reasonably be expected to have a material adverse effect on: (i) the condition (financial or otherwise), business, performance, operation, assets or property of the Loan Parties as a whole (including a material adverse qualification (other than a ‘going concern’ qualification resulting from the CCAA Proceedings) to any of the financial statements of any Loan Party; a material adverse misstatement of the financial statements of any Loan Party; or if after the Effective Date, it is determined by any Loan Party, its auditors or accountants that a restatement of any Loan Party’s financial statements is or is likely to be necessary or there is a material adverse restatement of any Loan Party’s financial statements); (ii) the ability of any Loan Party to carry on its business as presently conducted; (iii) the ability of any Loan Party to timely and fully perform any of its obligations under this Term Sheet or any of the Loan Documents, or any Court Order; (iv) the Collateral; or (v) the validity or enforceability of this Term Sheet or any Loan Documents, or the rights and remedies of the Lender under this Term Sheet or any of the Loan Documents; in each case other than any change, condition, event or occurrence of the foregoing which results from the sale or disposition of the GGB Florida shares or any assets of GGB Florida LLC, GGB Florida Land LLC or Spring Oaks Greenhouses, Inc.

“Maturity Date” has the meaning given thereto in Section 8

“Maximum Cumulative Variance” has the meaning given thereto in Section 22(g).

“Milestones” has the meaning given thereto in Section 20(o).

“Monitor” has the meaning given thereto in Section 17.

“Mortgages” means, collectively, (a) the collateral mortgage/charge granted by GGB Nevada Land LLC in favour of the Lender over its real property; and (b) the collateral mortgage/charge granted by GGB Massachusetts Land LLC in favour of the Lender over its real property.

“Ordinary Course” means, in respect of any Loan Party, the ordinary course of business of such Loan Party consistent with past practice, as such practice is, may have been or may be modified as a result of the CCAA Proceedings or by any Applicable Laws in connection with the COVID-19 pandemic which were in effect on the Filing Date and with which such Loan Party is required to comply.

“Permitted Liens” means (i) the Lender Charge; (ii) any charges created under the Initial Order or other order of the Court in the CCAA Proceedings subsequent in priority to the Lender Charge and approved in writing by the Lender in its sole discretion, including for greater certainty, the Directors’ Charge; (iii) validly perfected Liens existing prior to the date hereof; (iv) inchoate statutory Liens arising after the Filing Date in respect of any accounts payable arising after the Filing Date in the Ordinary Course, subject to the obligation to pay all such amounts as and when due; and (v) the Permitted Priority Liens.

“Permitted Priority Liens” means (i) the Administration Charge; (ii) the Directors’ Charge; (iii) any amounts payable by a Loan Party for wages, vacation pay, employee deductions, sales tax,

excise tax, tax payable pursuant to Part IX of the *Excise Tax Act* (Canada) (net of input credits), income tax and workers compensation claims, in each case solely to the extent such amounts are given priority by Applicable Law and only to the extent that the priority of such amounts has not been subordinated to the Lender Charge granted by the Court.; and (iv) the Lien granted by the Borrower in favour of GA Opportunities Corp. pursuant to a general security agreement dated April 15, 2019, as assigned to Green Ops Group LLC and as in effect on the date hereof.

“Person” means an individual, partnership, corporation, business trust, joint stock company, limited liability company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

“Related Party” means, in respect of any Person, such Person’s affiliates and the directors, officers, partners, members, trustees, employees, controlling Persons, agents, administrators, managers, representatives and advisors of such Person and of such Person’s affiliates.

“Security Documents” means each of the Security Agreements and the Mortgages.

“Security Agreements” means, collectively, each of the security agreements granted by the Borrower and Guarantors in favour of the Lender to secure the obligations of such Loan Party to the Lender, each in form and substance satisfactory to the Lender.

“SISP” means the Sales and Investment Solicitation Process in the form agreed to by the Lender and the Borrower approving, among other things, sale and investment solicitation procedures in connection with the sale of all or substantially all of the Borrower’s assets.

“SISP Order” means an order of the Court (which may include the Initial Order) approving the SISP, in form and substance acceptable to the Lender.

“Successful Bid” has the meaning given thereto in the SISP.

“Variance Report” has the meaning given thereto in Section 18.

SCHEDULE "B"

FORM OF DRAWDOWN REQUEST

DRAWDOWN REQUEST

TO: ALL JS GREENSPACE LLC (the "**Lender**")

FROM: GREEN GROWTH BRANDS INC. (the "**Borrower**")

DATE: ●, 20●

Pursuant to the DIP interim financing term sheet dated as of May ●, 2020 (as amended, restated and otherwise modified from time to time, the "**Term Sheet**") between the Lender, the Borrower and the Guarantors, the Borrower is required as a condition precedent to each advance to deliver this Drawdown Request to the Lender. Unless otherwise defined herein, all capitalized terms used in this Drawdown Request will have the meanings given to such terms in the Term Sheet.

The Borrower hereby certifies that:

- (a) the advance requested under this Drawdown Request is in accordance with the DIP Budget;
- (b) the representations and warranties set forth in Section 19 of the Term Sheet are true and accurate in all material respects as of the date hereof, as though made on and as of the date hereof;
- (c) the Loan Parties are in compliance with the covenants and all other terms and conditions set forth in the Loan Documents, other than those that have been waived in writing by the Lender; and
- (d) no Default or Event of Default has occurred and is continuing nor will the making of the requested advance result in the occurrence of any such event.

The Borrower hereby requests an advance under the DIP Facility and directs the Lender to make such advance as follows:

Date of advance: [●]

Total amount of advance: [●]

Advance to be split to two Loan Parties: Yes / No

Loan Party(ies) to which advance is to be made:	Amount of advance	Bank Account Information
[●]	US\$[●]	[●]
[●]	US\$[●]	[●]

IN WITNESS WHEREOF the undersigned has executed this Drawdown Request on the date first above written.

GREEN GROWTH BRANDS INC.

By: _____
Name:
Title:

SCHEDULE "C"

SUMMARY DIP BUDGET

See attached.

Date 5/19/2020

Green Growth Brands Inc.

E&Y Cash Flow Forecast (THC/PubCo)

MAY 18, 2020

FINAL

SUMMARY BY LOCATION

Date	5/19/2020
------	-----------

USD

DIP Financing Requirement	7,200,000
Less Restructuring Costs & DIP interest	1,731,571
Adj. DIP Financing Requirement	5,468,429

Nevada:

AP Catch Up, less available cash (sales & use tax and trade payables)	1,866,533
Net Operating Activities (sales, less operating costs)	(296,533)
	1,570,000

US home office

FY '19 Income tax settlement & FY '20 Installment	2,089,582
AP Catch Up (legal & professional)	749,192
Net Operating Activities (salaries & other)	701,226
	3,540,000

Pubco (Canada)

Net Operating Activities (general & administrative)	78,429
	78,429

Massachusetts

AP Catch Up (store design and construction)	150,000
Net Operating Activities (salaries, rent & other)	130,000
	280,000

Total	5,468,429
-------	-----------

memo:

Florida

AP Catch Up, less available cash (rent & other)	473,724
Net Operating Activities (salaries, rent & other)	876,276
	1,350,000

Date	5/19/2020
------	-----------

Assumptions (13 Weeks Cash Flow):

- 1. **Nevada Sales**
 - June Sales are at 70% of pre-COVID volume (net sales \$450k forecast versus \$670k prior)
 - July/Aug Sales are at 80% of pre-COVID volume (net sales \$525k versus \$670k)
 - \$500k wholesale receipts over 13-week period
- 2. **Nevada Trade Payables**
 - Merchandise Vendors \$1.3m: Forecast to pay entire amount over 8 weeks following DIP financing (spread evenly by week)
 - Service/Rent/Legal/Supplies Vendors \$900k: Forecast to pay 75% of amount in June (after Merchandise Vendor payments)
 - Will use \$1.1m of available cash on-hand to pay vendor payables
- 3. **Nevada Sales/Use Tax**
 - \$1.7m related to Feb/March/April Sales and Excise Taxes and Business License Fee: Forecast to pay the total amount in last week of May
 - Layered in future payments (May/June) amounts into the model
- 4. **Federal Tax 2020 Installment**
 - \$2m installment due July 15th. Assumes catch-up installment of \$1.1m (2019) and final 2020 installment of \$900k
- 5. **Home Office Headcount**
 - Salaries to full level in July. Efficiencies in headcount incorporated.
 - Includes payment of \$750k for AP Catch Up primarily related to Akerman.
- 6. **Canadian Company payments**
 - No payments made to any pre-CCAA payables to Canadian vendors such as Norton Rose, MNP, Broadridge, Hybrid, etc
- 7. **Massachusetts Payables**
 - settle past due store design and construction work for Northampton

memo:

- 8. **Florida Payables**
 - Florida past due rent will be settled immediately post DIP financing and we will stay current on expenses during period

Green Growth Brands Inc.

13 Week View	Date	5/19/2020
--------------	------	-----------

As at May 12, 2020

Green Growth Brands Inc. (Canadian Company)	Green Growth Brands Inc. (Canadian Company)															
	(USD)		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	
	Week Ending	Note	23-May-20	30-May-20	6-Jun-20	13-Jun-20	20-Jun-20	27-Jun-20	4-Jul-20	11-Jul-20	18-Jul-20	25-Jul-20	1-Aug-20	8-Aug-20	15-Aug-20	13 Week
	Opening Available Cash		-	52,679	52,830	46,009	52,188	55,366	51,545	66,327	62,506	65,506	55,464	43,464	59,464	-
	Disbursements															
	Payroll Expenses & Group Benefits	1	-	3,750	-	-	-	-	-	-	-	-	-	-	-	3,750
	Source Deductions	2	-	1,929	-	-	-	-	-	-	-	-	-	-	-	1,929
	Selling, General & Administrative	3	-	143	3,000	-	3,000	-	3,000	-	3,000	-	3,000	-	3,000	18,143
	Board Fees	6	-	7,143	-	-	-	-	-	-	-	-	-	-	-	7,143
	Restructuring Costs	8	282,321	245,321	123,821	123,821	123,821	123,821	123,821	123,821	84,000	84,000	84,000	84,000	84,000	1,690,571
	DIP Interest Payments & Commitment Fee	9	-	1,563	-	-	-	-	13,396	-	-	26,042	-	-	-	41,000
	Total Disbursements		282,321	259,848	126,821	123,821	126,821	123,821	140,217	123,821	87,000	110,042	87,000	84,000	87,000	1,762,536
	Net Cash flow from Operations		(282,321)	(259,848)	(126,821)	(123,821)	(126,821)	(123,821)	(140,217)	(123,821)	(87,000)	(110,042)	(87,000)	(84,000)	(87,000)	(1,762,536)
	DIP Draw/(Payback) for Operations		375,000	490,000	460,000	650,000	310,000	930,000	255,000	2,550,000	230,000	210,000	305,000	100,000	335,000	7,200,000
	Intercompany Transfer		(40,000)	(230,000)	(340,000)	(520,000)	(180,000)	(810,000)	(100,000)	(2,430,000)	(140,000)	(110,000)	(230,000)	-	(260,000)	(5,390,000)
	Closing Cash / (Indebtedness)		52,679	52,830	46,009	52,188	55,366	51,545	66,327	62,506	65,506	55,464	43,464	59,464	47,464	47,464
	Opening DIP Facility		-	375,000	865,000	1,325,000	1,975,000	2,285,000	3,215,000	3,470,000	6,020,000	6,250,000	6,460,000	6,765,000	6,865,000	-
	Draw / (Repayment)		375,000	490,000	460,000	650,000	310,000	930,000	255,000	2,550,000	230,000	210,000	305,000	100,000	335,000	7,200,000
	Closing DIP Facility		375,000	865,000	1,325,000	1,975,000	2,285,000	3,215,000	3,470,000	6,020,000	6,250,000	6,460,000	6,765,000	6,865,000	7,200,000	7,200,000

U.S. Home Office	U.S. Home Office															
	(USD)		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	
	Week Ending	Note	23-May-20	30-May-20	6-Jun-20	13-Jun-20	20-Jun-20	27-Jun-20	4-Jul-20	11-Jul-20	18-Jul-20	25-Jul-20	1-Aug-20	8-Aug-20	15-Aug-20	Total
	Opening Available Cash		-	26,675	29,400	31,775	25,233	32,183	25,608	27,983	24,859	30,634	33,534	28,234	28,209	-
	Disbursements															
	Payroll Expenses & Group Benefits	1	-	91,000	-	70,000	-	70,000	-	-	78,200	-	78,200	-	78,200	465,600
	Selling, General & Administrative	2	3,325	25	3,625	25	3,050	325	3,625	25	3,025	850	3,100	25	3,050	24,075
	Selling, General & Administrative (AP catch up)	3	-	-	50,000	50,000	50,000	50,000	50,000	50,000	-	-	-	-	-	300,000
	Rent, Utilities, Insurance, Property Taxes	3	-	-	4,000	66,517	-	-	4,000	23,517	43,000	-	4,000	-	66,517	211,551
	Duties & Taxes	4	-	-	-	-	-	-	-	2,089,582	-	-	-	-	-	2,089,582
	Third Party Guarantees	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Restructuring	6	-	106,250	-	-	-	106,250	-	-	-	106,250	-	-	106,250	425,000
	Total Disbursements		3,325	197,275	57,625	186,542	53,050	226,575	57,625	2,163,124	124,225	107,100	85,300	25	254,017	3,515,808
	Net Cash flow from Operations		(3,325)	(197,275)	(57,625)	(186,542)	(53,050)	(226,575)	(57,625)	(2,163,124)	(124,225)	(107,100)	(85,300)	(25)	(254,017)	(3,515,808)
	Intercompany Transfer		30,000	200,000	60,000	180,000	60,000	220,000	60,000	2,160,000	130,000	110,000	80,000	-	250,000	3,540,000
	Closing Cash / (Indebtedness)		26,675	29,400	31,775	25,233	32,183	25,608	27,983	24,859	30,634	33,534	28,234	28,209	24,192	24,192

Green Growth Brands Inc.

13 Week View

Date

5/19/2020

As at May 12, 2020

Nevada	Nevada														
	(USD)		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13
	Week Ending	Note	23-May-20	30-May-20	6-Jun-20	13-Jun-20	20-Jun-20	27-Jun-20	4-Jul-20	11-Jul-20	18-Jul-20	25-Jul-20	1-Aug-20	8-Aug-20	15-Aug-20
	Opening Available Cash		1,700,000	1,871,023	623,921	258,364	253,039	322,714	257,389	258,742	249,391	364,674	379,956	251,924	267,207
	Sales Receipts	1	454,300	536,900	582,355	582,355	582,355	582,355	664,955	664,955	664,955	664,955	664,955	664,955	664,955
	Total Receipts		454,300	536,900	582,355	582,355	582,355	582,355	664,955	664,955	664,955	664,955	664,955	664,955	664,955
	Disbursements														
	Merchandise Vendor Payments	2	38,500	91,000	211,500	234,250	234,250	234,250	183,750	183,750	183,750	183,750	183,750	183,750	183,750
	Merchandise Vendor Payments (AP catchup)	3	164,633	164,633	164,633	164,633	164,633	164,633	164,633	164,633	-	-	-	-	-
	Production Costs (excl. Payroll)	4	31,028	31,028	31,028	37,234	37,234	37,234	37,234	44,680	44,680	44,680	44,680	44,680	44,680
	Payroll Expenses & Group Benefits	5	-	254,504	-	275,000	-	275,000	-	300,000	-	300,000	-	300,000	-
	Selling, General & Administrative	6	49,116	119,116	69,116	76,562	76,562	126,562	121,242	121,242	121,242	121,242	171,242	121,242	121,242
	Selling, General & Administrative (AP catch up)	7	-	-	100,000	100,000	100,000	100,000	100,000	100,000	-	-	-	-	-
	Rent, Utilities, Insurance, Property Taxes	8	-	56,742	-	-	-	-	56,742	-	-	-	56,742	-	-
	Duties & Taxes	9	-	1,066,978	631,635	-	-	260,000	-	-	200,000	-	456,572	-	-
	Total Disbursements		283,277	1,784,002	1,207,912	887,679	612,679	1,197,679	663,601	914,306	549,672	649,672	912,986	649,672	349,672
	Net Cash flow from Operations		171,023	(1,247,102)	(625,557)	(305,325)	(30,325)	(615,325)	1,353	(249,351)	115,282	15,282	(248,032)	15,282	315,282
	Intercompany Transfer		-	-	260,000	300,000	100,000	550,000	-	240,000	-	-	120,000	-	-
	Closing Cash / (Indebtedness)		1,871,023	623,921	258,364	253,039	322,714	257,389	258,742	249,391	364,674	379,956	251,924	267,207	582,489

Massachusetts	Massachusetts														
	(USD)		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13
	Week Ending	Note	23-May-20	30-May-20	6-Jun-20	13-Jun-20	20-Jun-20	27-Jun-20	4-Jul-20	11-Jul-20	18-Jul-20	25-Jul-20	1-Aug-20	8-Aug-20	15-Aug-20
	Opening Available Cash		-	9,890	11,962	6,887	11,087	6,087	10,178	6,175	11,175	10,375	10,265	10,462	10,462
	Disbursements														
	Payroll Expenses & Group Benefits	1	-	9,000	-	10,800	-	10,800	-	-	10,800	-	10,800	-	10,800
	Selling, General & Administrative (AP catch up)	2	-	-	25,000	25,000	25,000	25,000	25,000	25,000	-	-	-	-	-
	Rent, Utilities, Insurance, Property Taxes	3	110	18,928	75	-	-	110	19,003	-	-	110	19,003	-	-
	Duties & Taxes	4	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Disbursements		110	27,928	25,075	35,800	25,000	35,910	44,003	25,000	10,800	110	29,803	-	10,800
	Net Cash flow from Operations		(110)	(27,928)	(25,075)	(35,800)	(25,000)	(35,910)	(44,003)	(25,000)	(10,800)	(110)	(29,803)	-	(10,800)
	Intercompany Transfer		10,000	30,000	20,000	40,000	20,000	40,000	40,000	30,000	10,000	-	30,000	-	10,000
	Closing Cash / (Indebtedness)		9,890	11,962	6,887	11,087	6,087	10,178	6,175	11,175	10,375	10,265	10,462	10,462	9,662

Green Growth Brands Inc.

13 Week View

Date

5/19/2020

As at May 12, 2020

Florida	Florida														
	(USD)		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13
	Week Ending	Note	23-May-20	30-May-20	6-Jun-20	13-Jun-20	20-Jun-20	27-Jun-20	4-Jul-20	11-Jul-20	18-Jul-20	25-Jul-20	1-Aug-20	8-Aug-20	15-Aug-20
	Opening Available Cash		175,071	175,071	30,776	(20,674)	(236,126)	(284,326)	(380,793)	(746,428)	(806,694)	(842,694)	(871,911)	(1,245,996)	(1,256,446)
	Investor Agreements	1	-	500,000	-	-	-	-	-	-	-	-	-	-	-
	Total Receipts		-	500,000	-	-	-	-	-	-	-	-	-	-	-
	Disbursements														
	Production Costs	2	-	198,000	6,450	29,950	3,200	19,050	183,300	29,400	4,000	18,800	184,750	10,000	29,400
	Production Costs (AP Catch Up)	3	-	334,250	20,000	20,000	20,000	20,000	-	-	-	-	-	-	-
	Payroll Expenses & Group Benefits	4	-	-	-	27,000	-	27,000	-	-	27,000	-	27,000	-	27,000
	Selling, General & Administrative	5	-	20,417	25,000	10,417	5,000	10,417	35,000	10,417	5,000	10,417	35,000	-	5,000
	Rent, Utilities, Insurance, Property Taxes	6	-	-	-	108,085	-	-	127,335	450	-	-	127,335	450	-
	Rent, Utilities, Insurance, Property Taxes (AP Catch Up)	7	-	91,629	-	-	-	-	-	-	-	-	-	-	-
	Capital Expenditure	8	-	-	-	20,000	20,000	20,000	20,000	20,000	-	-	-	-	-
	Duties & Taxes	9	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Disbursements		-	644,295	51,450	215,452	48,200	96,467	365,635	60,267	36,000	29,217	374,085	10,450	61,400
	Net Cash flow from Operations		-	(144,295)	(51,450)	(215,452)	(48,200)	(96,467)	(365,635)	(60,267)	(36,000)	(29,217)	(374,085)	(10,450)	(61,400)
	Intercompany Transfer		-	-	-	-	-	-	-	-	-	-	-	-	-
	Closing Cash / (Indebtedness)		175,071	30,776	(20,674)	(236,126)	(284,326)	(380,793)	(746,428)	(806,694)	(842,694)	(871,911)	(1,245,996)	(1,256,446)	(1,317,846)

Combined Cash Summary (USD)			23-May-20	30-May-20	6-Jun-20	13-Jun-20	20-Jun-20	27-Jun-20	4-Jul-20	11-Jul-20	18-Jul-20	25-Jul-20	1-Aug-20	8-Aug-20	15-Aug-20
Canadian			52,679	52,830	46,009	52,188	55,366	51,545	66,327	62,506	65,506	55,464	43,464	59,464	47,464
US Home Office			26,675	29,400	31,775	25,233	32,183	25,608	27,983	24,859	30,634	33,534	28,234	28,209	24,192
Nevada			1,871,023	623,921	258,364	253,039	322,714	257,389	258,742	249,391	364,674	379,956	251,924	267,207	582,489
Massachusetts			9,890	11,962	6,887	11,087	6,087	10,178	6,175	11,175	10,375	10,265	10,462	10,462	9,662
Florida			175,071	30,776	(20,674)	(236,126)	(284,326)	(380,793)	(746,428)	(806,694)	(842,694)	(871,911)	(1,245,996)	(1,256,446)	(1,317,846)
Total			2,135,338	748,889	322,360	105,420	132,024	(36,073)	(387,200)	(458,763)	(371,506)	(392,692)	(911,911)	(891,104)	(654,039)

Intercompany Transfer Reconciliation			23-May-20	30-May-20	6-Jun-20	13-Jun-20	20-Jun-20	27-Jun-20	4-Jul-20	11-Jul-20	18-Jul-20	25-Jul-20	1-Aug-20	8-Aug-20	15-Aug-20
Canadian Entity - Opening Cash			-	52,679	52,830	46,009	52,187	55,366	51,545	66,327	62,506	65,506	55,464	43,464	59,464
DIP Withdrawal			375,000	490,000	460,000	650,000	310,000	930,000	255,000	2,550,000	230,000	210,000	305,000	100,000	335,000
Canadian net cash flow			(282,321)	(259,848)	(126,821)	(123,821)	(126,821)	(123,821)	(140,217)	(123,821)	(87,000)	(110,042)	(87,000)	(84,000)	(87,000)
Intercompany Transfers:															
US Home Office			(30,000)	(200,000)	(60,000)	(180,000)	(60,000)	(220,000)	(60,000)	(2,160,000)	(130,000)	(110,000)	(80,000)	-	(250,000)
Nevada			-	-	(260,000)	(300,000)	(100,000)	(550,000)	-	(240,000)	-	-	(120,000)	-	-
Massachusetts			(10,000)	(30,000)	(20,000)	(40,000)	(20,000)	(40,000)	(40,000)	(30,000)	(10,000)	-	(30,000)	-	(10,000)
Florida			-	-	-	-	-	-	-	-	-	-	-	-	-
Canadian Entity - Ending Cash			52,679	52,830	46,009	52,187	55,366	51,545	66,327	62,506	65,506	55,464	43,464	59,464	47,464

SCHEDULE "D"**CANNABIS LICENSES**

Spring Oaks Greenhouses, Inc.	Vertical MMTC	N/A	On or about April 19, 2021	Cultivation, production, and medical sale
Just Healthy LLC	Provisional Certificate of Registration	Northampton, MA	N/A	Dispensary, cultivation and processing site, and up to three medical dispensaries with preferred treatment for future adult use
Just Healthy LLC	Provisional Adult-Use Dispensary	Northampton, MA	N/A	Adult-Use Dispensary
Just Healthy LLC	Provisional Adult-Use Cultivation	Northampton, MA	N/A	Adult-Use Cultivation
Just Healthy LLC	Provisional Adult-Use Production	Northampton, MA	N/A	Adult-Use Production
Wellness Orchards of Nevada LLC	Medical Cultivation License No. 06113068616119421027	Pahrump	6/30/20	Cultivation
Wellness Orchards of Nevada LLC	Adult Use / Cultivation License No. 75650075113718192894	Pahrump	6/30/20	Cultivation
Nevada Organic Remedies LLC	Adult Use Dispensary License No. 024414260227553521200	Las Vegas Municipal approval	6/30/20	Retail
Nevada Organic Remedies LLC	Medical Dispensary	Las Vegas Municipal approval	6/30/20	Medical

	License No. 51266222807288437193			
Nevada Organic Remedies LLC	Adult Use / Cultivation License No. 89537461737742132623	Las Vegas Municipal approval	6/30/20	Cultivation
Nevada Organic Remedies LLC	Distribution License No. 66956185074616370216	Las Vegas Municipal approval	6/30/20	Distribution
Nevada Organic Remedies LLC	Medical Cultivation License No. 88242054656300627601	Las Vegas Municipal approval	6/30/20	Cultivation
Nevada Organic Remedies LLC	Medical Production License No. 72792951478780009507	Las Vegas Municipal approval	6/30/20	Production
Nevada Organic Remedies LLC	Adult Use Production License No. 88853210986743836974	Las Vegas Municipal approval	6/30/20	Production
Nevada Organic Remedies LLC	Provisional Adult Use Dispensary RD215	Clark County, NV	12/5/20	Retail
Nevada Organic Remedies LLC	Provisional Adult Use Dispensary RD216	Las Vegas, NV	12/5/20	Retail
Nevada Organic Remedies LLC	Provisional Adult Use Dispensary RD217	North Las Vegas, NV	12/5/20	Retail

Nevada Organic Remedies LLC	Provisional Adult Use Dispensary RD218	Henderson, NV	12/5/20	Retail
Nevada Organic Remedies LLC	Provisional Adult Use Dispensary RD219	Reno, NV	12/5/20	Retail
Nevada Organic Remedies LLC	Provisional Adult Use Dispensary RD221	Nye County, NV	12/5/20	Retail
Nevada Organic Remedies LLC	Provisional Adult Use Dispensary RD222	Carson City, NV	12/5/20	Retail
Henderson Organic Remedies LLC	Medical Dispensary License No. 30554192662175908311	Henderson Municipal approval	6/30/20	Medical
Henderson Organic Remedies LLC	Adult-Use Dispensary License No. 59287610826909824091	Henderson Municipal approval	6/30/20	Retail

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985,
c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF GREEN GROWTH BRANDS INC., GGB CANADA INC., GREEN
GROWTH BRANDS REALTY LTD. AND XANTHIC BIOPHARMA LIMITED

Court File No.: CV-

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

AFFIDAVIT OF
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Lawyers for the Applicants

TAB 3

ACQUISITION AGREEMENT

Made as of May 19, 2020

among

GREEN GROWTH BRANDS INC.,

and

ALL JS GREENSPACE LLC

and

CAPITAL TRANSFER AGENCY ULC

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ACQUISITION AGREEMENT

This Acquisition Agreement (the “**Agreement**”) is made as of May 19, 2020, between

GREEN GROWTH BRANDS INC.
(the “**Seller**”)

and

ALL JS GREENSPACE LLC
(“**All Js**”)

and

CAPITAL TRANSFER AGENCY ULC

(the “**Debenture Trustee**” and together with All Js, the
“**Purchaser**”)

RECITALS

A. The Seller intends to apply to the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) for an order (as amended and restated, the “**Initial Order**”) granting it protection under the *Companies’ Creditors Arrangement Act* (the “**CCAA**” and the proceedings commenced thereby, the “**CCAA Proceedings**”) and appointing Ernst & Young Inc. as the Seller’s monitor (in such capacity, the “**Monitor**”);

B. The Seller also intends to apply to the Court for an order within the CCAA Proceedings (the “**SISP Order**”) approving, among other things, sale and investment solicitation procedures in connection with the sale of the Purchased Assets (as defined below), being all or substantially all of the assets of the Seller (the “**SISP**”). The SISP Order and the SISP will exclusively govern the process for soliciting and selecting bids for such sale or investment;

C. In connection with the SISP, the Purchaser as “stalking horse purchaser” wishes to purchase the Purchased Assets and assume the Assumed Liabilities (as defined below) from the Seller pursuant to and in accordance with the terms of the SISP upon the terms and conditions set forth hereinafter and this offer shall remain irrevocably open on acceptance by the Seller until the closing of the Successful Bid, if applicable;

D. The transactions contemplated by this Agreement are subject to the approval of the Court and will be consummated only pursuant to the Approval and Vesting Order to be entered in the CCAA Proceedings; and

E. Upon Closing, the Purchaser and Debenture Trustee (as defined herein) will direct title to the Purchased Assets to be acquired under this Agreement to an entity or entities to be incorporated (“**Acquireco**”) and Acquireco shall assume the Assumed Liabilities.

FOR VALUE RECEIVED, the Parties agree as follows:

ARTICLE 1 – INTERPRETATION

Section 1.1 Definitions

- (1) “**Acquireco**” has the meaning set forth in the preamble to this Agreement.
- (2) “**Action**” means any claim, litigation, action, suit, charge, arbitration or other legal, administrative or judicial proceeding.
- (3) “**Administration Amounts**” has the meaning set forth in Section 2.2(1)(a).
- (4) “**Affiliate**” means, as to any Person, any other Person that directly or indirectly through one or more intermediaries Controls, or is under common Control with, or is Controlled by, such Person.
- (5) “**Agreement**” means this Acquisition Agreement, including the recitals, and all Schedules attached hereto (as amended and supplemented in accordance with Section 8.2) and all amendments hereto made in accordance with Section 8.5.
- (6) “**All Js**” has the meaning set forth in the preamble to this Agreement.
- (7) “**Ancillary Agreements**” means, in each case in a form reasonably acceptable to the Seller and the Purchaser: (i) share transfer and assignment for the assignment and conveyance of the Purchased Assets from the Seller to the Purchaser; and (ii) an assignment and assumption agreement for the assignment and assumption of the Assumed Liabilities from the Seller to and by the Purchaser.
- (8) “**Approval and Vesting Order**” has the meaning set forth in Section 4.1(2).
- (9) “**Assumed Liabilities**” has the meaning set forth in Section 2.2.
- (10) “**Backstop Debenture Indenture**” means the Convertible Debenture Indenture dated October 18, 2019 between the Seller and the Debenture Trustee, as amended by the Supplemental Indenture dated March 6, 2020.
- (11) “**Backstop Debentures**” means the convertible secured debentures issued to *inter alios* All Js pursuant to the Backstop Debenture Indenture.
- (12) “**Bankruptcy Law**” means the *Bankruptcy and Insolvency Act* (Canada), the *Companies’ Creditors Arrangement Act* (Canada) and the other applicable insolvency Laws.
- (13) “**Books and Records**” means, except as relates to the Excluded Subsidiaries (or any one of them), all accounting records, all other information in any form relating to the Business or Purchased Shares and Debt, including sales and purchase records, lists of suppliers and customers, lists of potential customers, credit and pricing information, Tax records, business reports, plans and projections, production reports and records, inventory reports and records, business, engineering and consulting reports, marketing and advertising materials, research and

development reports and records, maps, all plans, surveys, specifications, and as built drawings, including all such electrical, mechanical and structural drawings related thereto, environmental reports, soil and substratum studies, inspection records, financial records, and all other records, books, documents and data bases recorded or stored by means of any device, including in electronic form, relating to the Business and the Purchased Shares and Debt that are owned by the Seller provided however that the term “Books and Records” shall not include any of the foregoing items that do not relate to the Purchased Shares and Debt or the GGB Acquired Entities.

(14) “**Business**” means the cannabis production, distribution, and sales activities carried on by the GGB Acquired Entities, and all operations, maintenance and other activity related thereto.

(15) “**Business Day**” means a day on which the banks are open for business (Saturdays, Sundays, statutory and civic holidays excluded) in Toronto, Ontario, Canada.

(16) “**Business Information**” means, except as relates to the Excluded Subsidiaries (or any one of them), all books, records, files, catalogues, data, information, agreements, operating records, operating, safety and maintenance manuals, engineering and design plans, blueprints and as-built plans, specifications, drawings, reports, procedures, facility compliance plans, test records and results, other records and filings made with regulatory agencies regarding operations of the Business, environmental procedures and similar records, correspondence with present or prospective, customers and suppliers, advertising materials, software programs, documentation and sales literature owned by the Seller that are used or held for use in connection with the Business, including information, policies and procedures, manuals and materials and procurement documentation used in the Business and information received pursuant to the SISP, provided however that the term “**Business Information**” shall not include any of the foregoing items that are not the Property of the Seller.

(17) “**Cannabis Licenses**” means the cannabis licenses set out in Schedule 1.1(17).

(18) “**Claim**” means any indebtedness, liability or obligation of any kind that would be a claim provable within the meaning of Section 2 of the *Bankruptcy and Insolvency Act* (Canada).

(19) “**Closing**” has the meaning set forth in Section 6.1.

(20) “**Closing Date**” has the meaning set forth in Section 6.1.

(21) “**Contract**” means any legally binding contract, agreement, obligation, license, undertaking, instrument, lease, ground lease, commitment or other arrangement, whether written or oral.

(22) “**Control**”, including, with its correlative meanings, “Controlled by” and “under common Control with”, means, in connection with a given Person, the possession, directly or indirectly, of the power to either (i) elect more than 50% of the directors of such Person; or (ii) direct or cause the direction of the management and policies of such Person, whether through the ownership of securities, Contract or otherwise.

(23) “**Court**” has the meaning set forth in the recitals to this Agreement.

(24) “**CRA**” means the Canada Revenue Agency.

- (25) **“Credit Bid Amount”** means the Secured Claims Amount calculated as of Closing, all of which are being credit bid by the Purchaser.
- (26) **“Credit Documents”** means, collectively:
- (a) the DIP Facility;
 - (b) the May Debentures;
 - (c) the Backstop Debentures;
 - (d) the Debenture Security Documents; and
 - (e) the secured promissory note in the principal amount of US\$400,000 issued by the Seller in favour of All Js, dated May 4, 2020; and
 - (f) the secured promissory note in the principal amount of US\$400,000 issued by the Seller in favour of All Js, dated May 12, 2020.
- (27) **“Debenture Security Documents”** means:
- (a) the General Security Agreement dated June 6, 2019, entered into between the Seller and the Debenture Trustee in connection with the May Debentures; and
 - (b) the General Security Agreement dated on or about November 13, 2019, entered into between the Seller and the Debenture Trustee in connection with the Backstop Debentures.
- (28) **“Debenture Trustee”** means Capital Transfer Agency ULC in its capacity as Debenture Trustee under the May Debenture Indenture and Backstop Debenture Indenture.
- (29) **“Designated Contracts”** has the meaning given to it in Section 4.12.
- (30) **“DIP Facility”** means that certain debtor-in-possession secured financing facility in favour of the Seller and its subsidiaries in the amount of \$7.2 million dated on or about May 19, 2020.
- (31) **“Excluded Subsidiaries”** means Green Growth Brands LLC, together with its subsidiaries, as well as Green Growth Brands Realty Ltd. including any entities subject to the Florida Sale as contemplated by Section 4.10(1)(a).
- (32) **“Florida Sale”** means any transaction (or series of transactions) pursuant to which GGB Green Holdings LLC proposes to sell or otherwise dispose of, directly or indirectly, the equity or the assets, property and undertaking of GGB Florida LLC together with its subsidiaries.
- (33) **“GGB Acquired Entities”** means the Seller’s direct subsidiaries, including GGB Canada and Xanthic Biopharma Limited but excluding the Excluded Subsidiaries.
- (34) **“GGB Canada”** means GGB Canada Inc.
- (35) **“Government Entity”** means any Canadian, foreign, domestic, federal, territorial, provincial, state, municipal or local governmental authority, quasi-governmental authority,

instrumentality, court, government or self-regulatory organization, bureau, board, commission, tribunal or organization or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing having jurisdiction.

(36) “**GST/HST**” means goods and services tax, including harmonized sales tax, interest, penalties and fines payable under Part IX of the *Excise Tax Act* (Canada) and the regulations made thereunder.

(37) “**Incidental Acquired Assets**” means the Books and Records, the Business Information, the Designated Contracts and any intellectual property of the Seller (other than any intellectual property of an Excluded Subsidiary) of any nature and kind including all domestic and foreign trade-marks, business names, trade names, domain names, trading styles, patents, trade secrets, confidential information, software, industrial designs and copyrights, whether registered or unregistered, and all applications for registration thereof, and inventions, formulae, recipes, product formulations and chemistries, processes and processing methods, technology and techniques and know-how, including the name “**Green Growth Brands**”.

(38) “**Initial Order**” has the meaning set forth in the recitals to this Agreement.

(39) “**Intellectual Property**” means the intellectual property of the GGB Acquired Entities to be set out in Schedule 1.1(39) in accordance with the terms hereof.

(40) “**Law**” means any foreign, domestic, federal, territorial, state, provincial, local, regional or municipal statute, law, common law, ordinance, rule, bylaw, regulation, Order, writ, injunction, directive, judgment, decree, code, policy standard, criteria, condition or guideline having the force of law.

(41) “**Leases**” means the leases of the GGB Acquired Entities set out in Schedule 1.1(41).

(42) “**Liabilities**” means any and all debts, liabilities, obligations and claims, whether accrued or fixed, absolute or contingent, matured or unmatured or determined or undeterminable, including those arising under any Law or Action and those arising under any Contract or otherwise, including any Tax liability.

(43) “**Lien**” means any lien, mortgage, deed of trust, judgment lien, pledge or security interest, hypothec (including legal hypothecs), encumbrance, floating charge, mechanic’s lien, builder’s lien, materialmen’s lien, servitude, easement, encroachment, right-of-way, restrictive covenant on real or immovable property, real property license, other real property rights in favor of Third Parties, charge, prior claim, Lease, statutory or deemed trust or conditional sale arrangement, including the Administration Charge and the Interim Financing Charge (each as defined in the Initial Order).

(44) “**Litigation**” means the material litigation of the GGB Acquired Entities to be set out in Schedule 1.1(44) in accordance with the term hereof.

(45) “**Material Contracts**” means the material contracts of the GGB Acquired Entities to be set out in Schedule 1.1(45) in accordance with the terms hereof.

(46) “**May Debenture Indenture**” means that certain Convertible Debenture Indenture dated May 17, 2019 between the Seller and the Debenture Trustee.

- (47) **“May Debentures”** means the convertible secured debentures issued to *inter alios* All Js pursuant to the May Debenture Indenture.
- (48) **“Monitor”** has the meaning set forth in the preamble to this Agreement.
- (49) **“Monitor’s Certificate”** means a certificate signed by the Monitor and confirming that (i) the Purchaser has satisfied the Purchase Price in relation to the purchase by the Purchaser of the Purchased Assets; and (ii) the conditions to be complied with at or prior to the Closing as set out in Article 5 have been satisfied or waived by the Seller or the Purchaser, or both, as applicable.
- (50) **“Order”** means any order, injunction, judgment, decree, direction, instructions, ruling, writ, assessment, arbitration award or penalties or sanctions issued, filed or imposed by any Government Entity.
- (51) **“Ordinary Course”** means the ordinary course of the Business consistent with past practice, as such practice is, may have been or may be modified as a result of the CCAA Proceedings and the COVID-19 pandemic and corresponding “states of emergency” and similar Orders from local, state and/or federal Governmental Entities in the jurisdictions in which the Business is conducted or the assets, properties and undertaking of the GGB Acquired Entities are located.
- (52) **“Parties”** has the meaning set forth in the recitals to this Agreement.
- (53) **“Permitted Encumbrances”** means (i) statutory Liens for Taxes or governmental assessments, charges or claims the payment of which is not yet due, or for Taxes which are being contested in good faith by appropriate proceedings; (ii) any other Liens set forth in Schedule 1.1(53).
- (54) **“Person”** means an individual, a partnership, a corporation, an association, a limited or unlimited liability company, a joint stock company, a trust, a joint venture, an unincorporated organization or other legal entity or Government Entity.
- (55) **“Phase II Bid Deadline”** means August 6, 2020.
- (56) **“Priority Claims”** means all Claims which, in accordance with applicable Laws, rank in priority to the obligations of the Seller vis-à-vis the Purchaser pursuant to the Credit Documents and all other agreements and documents executed as security for the payment and performance of the former’s indebtedness thereunder, including any and all claims secured by charges ordered by the Court in the as part of the Initial Order.
- (57) **“Property”** means any interest in any kind of property or asset, whether real (including chattels real), personal or mixed, movable or immovable, tangible or intangible.
- (58) **“Purchase”** means the purchase of the Purchased Assets by the Purchaser from the Seller as described in this Agreement.
- (59) **“Purchased Assets”** has the meaning set forth in Section 2.1.
- (60) **“Purchase Price”** has the meaning set forth in Section 2.4.

- (61) **“Purchased Shares and Debt”** has the meaning set forth in Section 2.1.
- (62) **“Purchaser”** has the meaning set forth in the preamble to this Agreement.
- (63) **“Real Property”** means the owned and leased real property of the GGB Acquired Entities to be set out in Schedule 1.1(62) in accordance with the terms hereof.
- (64) **“Sale Hearing”** has the meaning set forth in Section 4.1(2).
- (65) **“Secured Claims Amount”** means the aggregate amount owing (whether for principal, interest, fees, recoverable costs, indemnity and reimbursement obligations or otherwise) by the Seller pursuant to the Credit Documents and all other agreements and documents executed as security for the payment and performance of the Seller’s indebtedness thereunder, as well as pursuant to all advances made by the Purchaser to the Seller which are secured by the DIP Lenders’ Charge (as defined in the Initial Order), plus interest, fees, recoverable costs and other amounts owing to the lenders on a secured basis which accrue but are not paid prior to Closing.
- (66) **“Securities Commissions”** means, collectively, the securities commissions or similar securities regulatory authorities of all of the Provinces of Canada.
- (67) **“Securities Laws”** means all securities Laws applicable to either the Seller or the Purchaser or their parent companies, as applicable.
- (68) **“Seller”** has the meaning set forth in the preamble to this Agreement.
- (69) **“SISP”** has the meaning set forth in the recitals to this Agreement.
- (70) **“SISP Order”** has the meaning set forth in the recitals to this Agreement.
- (71) **“Spring Oaks Notes”** has the meaning given to it in Section 2.2(3)(d);
- (72) **“Successful Bid”** has the meaning set forth in the SISP.
- (73) **“Tax”** means any domestic or foreign federal, state, local, provincial, territorial or municipal taxes or other impositions by any Government Entity, including Transfer Taxes and the following taxes and impositions: net income, gross income, capital, value added, goods and services, capital gains, alternative, net worth, harmonized sales, gross receipts, sales, use, ad valorem, business rates, transfer, franchise, profits, business, environmental, real or immovable property, municipal, school, Canada Pension Plan, withholding, workers’ compensation levies, payroll, employment, unemployment, employer health, occupation, social security, excise, stamp, customs, and all other taxes, fees, duties, assessments, deductions, contributions, withholdings or charges of the same or of a similar nature, however denominated, together with any interest and penalties, fines, additions to tax or additional amounts imposed or assessed with respect thereto.
- (74) **“Tax Act”** means the *Income Tax Act* (Canada) and the regulations promulgated thereunder.
- (75) **“Tax Authority”** means any local, municipal, governmental, state, provincial, territorial, federal, including any Canadian or other fiscal, customs or excise authority, body or officials

anywhere in the world with responsibility for, and competent to impose, collect or administer, any form of Tax.

(76) **“Tax Returns”** means all returns, reports (including elections, declarations, disclosures, statements, schedules, estimates and information returns) and other information filed or required to be filed with any Tax Authority relating to Taxes.

(77) **“Third Party”** means any Person that is neither a Party nor an Affiliate of a Party.

(78) **“Transaction Documents”** means this Agreement, the Ancillary Agreements and all other ancillary agreements to be entered into, or documentation delivered by, any Party pursuant to this Agreement.

(79) **“Transfer Taxes”** means all goods and services, sales, excise, use, transfer, gross receipts, documentary, filing, recordation, value-added, stamp, stamp duty reserve, and all other similar taxes, duties or other like charges, however denominated, in each case including interest, penalties or additions attributable thereto whether or not disputed, arising out of or in connection with the transactions provided for herein, regardless of whether the Government Entity seeks to collect the Transfer Tax from the Seller or the Purchaser, including GST/HST, but excluding for greater certainty, any Taxes computed by reference, or in connection with, income, profit or gain of the Seller.

Section 1.2 Rules of Interpretation

In this Agreement:

- (a) Currency – Unless otherwise specified, all dollar amounts in this Agreement, including the symbol “\$”, refer to the currency of the United States.
- (b) Headings, etc. – The division of this Agreement into Articles, Sections and other subdivisions and the inclusion of headings are provided for convenience only and do not affect the construction or interpretation of this Agreement.
- (c) Extended Meanings – Words importing the singular include the plural and vice versa, words importing gender include all genders.
- (d) Time – Time is of the essence of this Agreement, and no extension or variation of this Agreement will operate as a waiver of this provision.
- (e) Schedules – The following are the Schedules to this Agreement, as applicable when provided in accordance with Section 4.11:

Schedule 1.1(17) – Cannabis Licenses

Schedule 1.1(39) – Intellectual Property

Schedule 1.1(41) – Leases

Schedule 1.1(44) – Litigation

Schedule 1.1(45) – Material Contracts

Schedule 1.1(53) – Permitted Encumbrances

Schedule 1.1(62) – Real Property

Schedule 2.1 – Purchased Shares and Debt

Schedule 2.5 – Allocation of Purchase Price

Schedule 3.2(c) – GGB Acquired Entity

ARTICLE 2 – PURCHASE AND SALE OF ASSETS

Section 2.1 Purchase and Sale of the Purchased Assets

Subject to the terms and conditions of this Agreement, on the Closing Date, the Seller shall sell, assign and transfer to the Purchaser, and the Purchaser shall purchase and assume from the Seller, all of the right, title and interest of the Seller to the Purchased Shares and Debt set out in Schedule 2.1 (collectively, the “**Purchased Shares and Debt**”) as well as the Incidental Acquired Assets (collectively with the Purchased Shares and Debt, the “**Purchased Assets**”) and the cash described in Section 2.2.

Section 2.2 Paid and Assumed Liabilities

(1) At Closing, each GGB Acquired Entity shall not transfer or distribute its cash and for greater certainty shall retain such cash in its bank account at such time (other than ordinary course payments) and, subject to the remainder of this Section 2.2(1), the Seller shall not transfer or distribute its cash and shall pay any such cash to the Purchaser as a Purchased Asset,

- (a) less the amount of any reasonable documented professional fees (the “**Administration Amounts**”) that are directly secured by the administration charge granted by the Initial Order (as amended) that are not previously paid or cash collateralized on or before Closing and which shall be paid by the Purchaser,
- (b) less the amount of any proven claims against directors or officers of the Seller that are directly secured by the D&O charge granted by the Initial Order (as amended) that are not previously paid or cash collateralized on or before, and
- (c) less an amount not to exceed \$25,000 for purposes of winding up the Seller.

(2) On the terms and subject to the conditions set forth in this Agreement, at Closing, in the event that the Seller has insufficient cash to pay such amounts (in which case no amount will be payable by the Seller to the Purchaser pursuant to Section 2.2(1)), the Purchaser shall pay any outstanding Administration Amounts as well as the balance of any amount described by Section 2.2(1)(c).

(3) On the terms and subject to the conditions set forth in this Agreement, at the Closing, the Purchaser shall assume and become responsible for, and perform, discharge and pay when due, Liabilities (the “**Assumed Liabilities**”) in respect of:

- (a) the Amended and Restated Promissory Note (the “**GAOC Note**”) dated November 15, 2019 issued by the Seller to GA Opportunities Corp. in the principal amount of C\$39,000,000;
- (b) to the extent that it is not satisfied before Closing, the Convertible Secured Note dated July 31, 2019 issued by the Seller to Stanley W. Harris in the principal amount of \$5,800,000, now held by Green Ops Group LLC, a Delaware limited liability company;

- (c) to the extent that it is not satisfied before Closing, the Convertible Secured Note dated July 31, 2019 issued by the Seller in favour of Stanley W. Harris in the principal amount of \$11,400,000, now held by Green Ops Group LLC, a Delaware limited liability company
- (d) to the extent that it is not satisfied before Closing, the Secured Promissory Note dated April 29, 2020, issued by the Seller, GGB Florida LLC, and Spring Oaks Greenhouses, Inc. in favour of Stanley W. Harris in the original principal amount of up to US\$1,000,000, now held by Green Ops Group LLC, a Delaware limited liability company (together with Section 2.2(3)(b) and Section 2.2(3)(c), the “**Spring Oaks Notes**”);
- (e) the Debenture Security Documents;
- (f) any proven Priority Claim amount at Closing that is not paid or cash collateralized on or before Closing including under the directors’ and officers’ charge granted by the Initial Order (as amended) to a maximum of \$50,000; and
- (g) Designated Contracts.

Section 2.3 All Other Liabilities Excluded

Except for the Assumed Liabilities, the Purchaser shall not assume, perform, discharge, pay or be responsible for any of the Liabilities of the Seller, whether present or future, known or unknown, absolute or contingent including without limitation, pre-filing unsecured financial indebtedness or any other claim or obligation that is not expressly assumed and listed in as an Assumed Liability.

Section 2.4 Purchase Price

The purchase price payable to the Seller by the Purchaser for the Purchased Assets (the “**Purchase Price**”) shall be the total of: (i) the Credit Bid Amount; (ii) the Administration Amounts and (iii) the dollar amount of the Assumed Liabilities (excluding, for greater certainty, Administration Amounts).

Section 2.5 Allocation of Purchase Price

The Purchase Price will be allocated among the Purchased Assets prior to Closing in accordance with Schedule 2.5. The Seller and the Purchaser shall prepare and file their respective Tax Returns and financial documents in a manner consistent with such Schedule 2.5. The parties will agree on the allocation to be set out in Schedule 2.5 at least five (5) days prior to the Closing Date; provided that it is the principle of such allocation is that the vast majority of the value of the Purchased Assets is attributable to and the corresponding allocation shall be to the equity or debt of GGB Canada.

Section 2.6 Satisfaction of Purchase Price

The Purchaser shall satisfy the Purchase Price at the Closing Date as follows:

- (a) by releasing the Seller from all of its obligations, indebtedness and liabilities pursuant to the Credit Documents and all other agreements and documents

executed as security for the payment and performance of the latter's indebtedness thereunder, up to the Credit Bid Amount;

- (b) by paying the Administration Amounts in accordance with Section 2.2; and
- (c) by assuming, paying, performing and discharging, when due, as applicable, the Assumed Liabilities.

Section 2.7 Transfer Taxes and Income Tax

(1) The Parties agree that the Purchase Price is exclusive of any applicable Transfer Taxes. Subject to Section 4.6 the Purchaser shall promptly pay directly to the appropriate Tax Authority, or to the Seller, as applicable, all applicable Transfer Taxes that are properly payable by the Purchaser or the Seller under applicable Law in connection with this Agreement and the transactions contemplated herein and the other Transaction Documents and the transactions contemplated therein. The Purchaser shall indemnify and save harmless the Seller from and against any Transfer Taxes that may be imposed on, claimed from or demanded of the Seller.

(2) If the Purchaser wishes to claim any exemption relating to, or a reduced rate of, Transfer Taxes, in connection with this Agreement or the transactions contemplated herein or the other Transaction Documents and the transactions contemplated therein, the Purchaser shall be solely responsible for ensuring that such exemption or election applies and, in that regard, shall provide the Seller prior to Closing with its permit number, GST/HST number, or other similar registration numbers and/or any appropriate certificate of exemption, election and/or other document or evidence to support the claimed entitlement to such exemption or reduced rate by the Purchaser. The Seller shall make commercially reasonable efforts to cooperate to the extent necessary to obtain any such exemption or reduced rate.

(3) The Purchaser and the Seller agree to treat all payments made either to or for the benefit of the other Party under this Agreement as adjustments to the Purchase Price for Tax purposes and that such treatment shall govern for purposes hereof to the extent permitted under applicable Tax Law.

ARTICLE 3 - REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Seller as follows and acknowledges that the Seller is relying on the following representations and warranties in entering into this Agreement and completing the transactions contemplated by it:

- (a) the Purchaser is duly organized and validly existing under the Laws of the jurisdiction in which it is organized. The Purchaser has the requisite corporate power and authority to enter into, deliver and perform its obligations pursuant to each of the Transaction Documents to which it is or will become a party;
- (b) the execution and delivery of, and performance by the Purchaser of this Agreement and the Purchase have been duly authorized by all necessary corporate action on behalf of the Purchaser;

- (c) the execution and delivery of, and performance by the Purchaser of this Agreement and the Purchase have been duly authorized by all necessary approvals under the Credit Documents;
- (d) the execution and delivery by the Purchaser of this Agreement and the performance by the Purchaser of its obligations under this Agreement will not result in the breach or violation of any terms or conditions of: (i) the constating documents or by-laws of the Purchaser; or (ii) any applicable Law, regulation or Order;
- (e) the Purchaser has now, and at all times from the date hereof through and after the Closing Date, will have, sufficient funds available to satisfy the Purchase Price and all other amounts payable under the Transaction Documents and to otherwise consummate the transactions contemplated hereby and thereby, and to pay all fees and expenses related thereto and to perform all obligations when due under the Assumed Liabilities. The Purchaser acknowledges that its obligations under this Agreement and the other Transaction Documents are not subject to any conditions regarding its ability to obtain financing for any portion of the foregoing amounts;
- (f) no broker, finder or investment banker is entitled to any brokerage, finder's or similar fee or commission in connection with the transactions contemplated by this Agreement and the other Transaction Documents based upon arrangements made by or on behalf of the Purchaser;
- (g) except for the entry of the Approval and Vesting Order, to the best of the Purchaser's knowledge, no notice, filing, authorization, approval, Order or consent is required to be given, filed or obtained by the Purchaser to or from any Government Entity or Third Party in connection with the execution, delivery and performance by the Purchaser of this Agreement or the transactions contemplated hereby; and
- (h) the Purchaser is or will be registered for the purposes of the Tax imposed under Part IX of the *Excise Tax Act* (Canada) and shall provide to the Seller its registration number no later than 10 days prior to Closing.

Section 3.2 Representations and Warranties of the Seller

The Seller represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying on the following representations and warranties in entering into this Agreement and completing the transactions contemplated by it:

- (a) subject to obtaining the Initial Order, the SISP Order and the Approval and Vesting Order, the Seller has good and sufficient power, authority and right to enter into and deliver this Agreement and complete the transactions contemplated hereunder;
- (b) this Agreement has been duly and validly executed and delivered by the Seller and, subject to obtaining the Approval and Vesting Order, constitutes legal, valid and obligations of the Seller, enforceable against it in accordance with its terms;

- (c) the authorized and all issued and outstanding equity of GGB Canada and each GGB Acquired Entity is set out on Schedule 3.2(c). All such equity has been duly issued in accordance with Law. The applicable Persons listed on such Schedule as the owner thereof, legally and beneficially own and control the issued and outstanding equity in the applicable GGB Acquired Entity with good and marketable title free and clear of any encumbrances, adverse claims or claims of others. No shares or other securities of any such entities have been issued in violation of any Law, the articles of incorporation, by-laws or other applicable constating documents or the terms of any shareholders' agreement or any agreement to which such entity is a party or by which it is bound. There are no outstanding options, warrants, rights, securities, debentures, loans or notes convertible or exchangeable for any shares or other securities of any such entity. Other than the GGB Acquired Entities and the Excluded Subsidiaries, GGB Canada has no subsidiaries and does not own, directly or indirectly, any shares or other equity securities of any corporation nor does it have any equity or ownership interest in any business or Person;
- (d) each GGB Acquired Entity is duly organized and validly existing under the Laws of the jurisdiction in which it is organized, and has the corporate power and capacity to own or lease its property and to carry on its business as now carried on in each jurisdiction in which it owns or leases property or carries on business;
- (e) The Seller is not a "non-resident" of Canada for purposes of the Tax Act;

Section 3.3 No Other Representations or Warranties

(1) Notwithstanding anything contained in this Agreement to the contrary, the Purchaser acknowledges and agrees that none of the Seller or any other Person is making any representations or warranties whatsoever, express or implied, beyond those expressly given by the Seller in Section 3.2, or with respect to any other information provided to the Purchaser in connection with the transactions contemplated hereby, including as to the probable success or profitability of the ownership, use or operation of the Business, title to the Purchased Assets, the Assumed Liabilities, or as to the accuracy or completeness of any information regarding any of the foregoing that any Seller, or any other Person, furnished or made available to the Purchaser or its representatives. The Purchaser further represents that none of the Seller or any other Person has made any representation or warranty, express or implied, as to the accuracy or completeness of any information regarding the Seller, the Business or the transactions contemplated by this Agreement not expressly set forth in this Agreement, and none of the Seller or any other Person will have or be subject to liability to the Purchaser or any other Person resulting from the distribution to the Purchaser or its representatives or the Purchaser's use of any such information, in connection with the sale of the Business. The Purchaser acknowledges that it has conducted to its satisfaction its own independent investigation of the Business and the Purchased Assets and, in making the determination to proceed with the transactions contemplated by this Agreement, the Purchaser has relied solely on the results of its own independent investigation.

(2) The Purchaser acknowledges and agrees that, in determining whether to enter into this Agreement, Purchaser (i) has had an opportunity to conduct any and all due diligence regarding the Purchased Assets, the Business and the Assumed Liabilities prior to the execution of this Agreement and that the obligations of the Purchaser are not conditional upon any additional due diligence; (ii) has relied solely upon its own independent review, investigation and/or inspection

of any documents and/or the Purchased Assets to be acquired and obligations and Liabilities to be assumed in entering into this Agreement; and (iii), except for the representations and warranties set out in Section 3.2 did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of Law or otherwise) from or by the Seller, the Monitor or any partner, employee, officer, director, accountant, agent, financial, legal or other representative of any of the Seller or the Monitor regarding the Purchased Assets to be acquired or the Assumed Liabilities or the completeness of any information provided in connection therewith, except as expressly stated herein.

(3) The Purchaser acknowledges and agrees that the enforceability of this Agreement against the Seller is subject to entry of the Approval and Vesting Order.

Section 3.4 “As Is, Where Is”

Subject to Section 3.2 of this Agreement, the Purchaser acknowledges that (i) it is purchasing the Purchased Assets on an “as is, where is” and “without recourse” basis and on the basis that the Seller has not guaranteed and will not guarantee title to the Purchased Assets and that the Purchaser has conducted such inspections of title to the Purchased Assets as it deems appropriate and has satisfied itself with regard to these matters and (ii) it has inspected the Purchased Assets and will accept the same on the Closing Date, in their then current state, condition and location. Except as otherwise expressly provided in this Agreement, no representation, warranty or condition whether statutory (including under the *Sale of Goods Act* (Ontario), the *International Sale of Goods Contracts Convention Act* (Canada) or any international equivalent act which may be applicable to the subject matter pursuant to the provisions of this Agreement, including, without limitation, the Uniform Commercial Code as enacted in any State or the United Nations Convention on Contracts for the International Sale of Goods), expressed or implied, oral or written, legal, equitable, conventional, collateral or otherwise is or will be given by the Seller as to title, outstanding liens, description, fitness or purpose, merchantability, quantity, condition, quality, suitability, durability, assignability, or marketability therefor or any other matter or thing whatsoever, and all of the same are expressly excluded. The Purchaser acknowledges and agrees that it has inspected the Purchased Assets and has relied on its own investigations as to the matters set out above and in determining to purchase the Purchased Assets pursuant to this Agreement. The description of the Purchased Assets contained herein is for the purpose of identification only. No representation, warranty or condition has or will be given by the Seller concerning completeness or accuracy of such description.

ARTICLE 4 - COVENANTS AND OTHER AGREEMENTS

Section 4.1 Approval and Vesting Order

(1) The Seller and the Purchaser acknowledge that this Agreement and the transactions contemplated hereby are subject to the approval of the Court.

(2) Subject to the SISP and any approval of a Successful Bid in an Approval Motion, as defined in and pursuant to the SISP, the Seller shall use its commercially reasonable efforts to have the Court, upon a hearing to be held on a date specified by the Court (the “**Sale Hearing**”), which shall take place within 10 days following the Phase II Bid Deadline, an order in form and in substance acceptable to the Purchaser, acting reasonably, approving the sale of the Purchased Assets to the Purchaser or its designee pursuant to this Agreement and vesting in and to the

Purchaser or its designee the Purchased Assets free and clear of all Liens and Claims (other than Permitted Encumbrances) (the “**Approval and Vesting Order**”).

(3) The Purchaser, at its own expense, will promptly provide to the Seller all such information within its possession or under its control as the Seller may reasonably require to obtain the Approval and Vesting Order. The Purchaser and the Seller will cooperate in obtaining entry of the Approval and Vesting Order.

Section 4.2 Cooperation

(1) Prior to the Closing, upon the terms and subject to the conditions of this Agreement and subject to Section 6.6 hereof, each of the Parties shall use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, and cooperate with each other in order to do, all things necessary, proper or advisable under applicable Law to consummate the transactions contemplated by this Agreement as soon as practicable, including the preparation and filing of all forms, registrations and notices required to be filed to consummate the Closing, making witnesses available in the Court or by declaration, as necessary, in obtaining the entry of the Approval and Vesting Order and, in the case of the Seller, furnishing such due diligence materials in relation to Section 5.3(a) as the Purchaser reasonably requests.

(2) The Seller and the Purchaser shall promptly notify the other of the occurrence, to such Party’s knowledge, of any event or condition that would reasonably be expected to result in (i) any of the conditions set forth in Article 5 not being satisfied; or (ii) any of the representations and warranties in Article 3 not being true and correct.

(3) The Purchaser and the Seller acknowledge and agree that time is of the essence in effecting the Closing and otherwise consummating the transactions contemplated herein, and that it will promptly and timely provide written requests, execute and deliver all required documents and materials and use commercially reasonable efforts to perform all necessary and required actions.

Section 4.3 Pre-closing Access to Information and Premises

(1) Prior to the Closing, the Seller shall (a) give the Purchaser and its authorized representatives, upon advance notice and during regular business hours, access to all books, records, reports, plans, certificates, files, documents and information related to the Purchased Assets and other facilities and properties of the Business; (b) permit the Purchaser to make such copies and inspections thereof, upon advance notice and during regular business hours, as the Purchaser may reasonably request; and (c) provide the Purchaser and Acquireco access to the GGB Acquired Entities’ premises for the purposes of (a) and (b) above; provided, however, that any such access shall be conducted in accordance with Law (including any applicable Bankruptcy Law), under the supervision of the Seller’s personnel and in such a manner as to maintain confidentiality and not to interfere with the normal operations of the Business of the Seller.

(2) Notwithstanding Section 4.3(1), the Seller shall not be required to disclose any information, records, files or other data to the Purchaser where prohibited by any Laws or which would result in the disclosure of any trade secrets of Third Parties or violate any obligation of the

Seller to any Third Party or that would have the effect of causing the waiver of any solicitor-client privilege or subsisting agreement of confidentiality.

Section 4.4 Public Announcements

Prior to the Closing and except as necessary for the Party to make any filing with the Court to obtain approval of the transactions contemplated by this Agreement, no Party shall issue any press release or public announcement concerning this Agreement or the transactions contemplated by this Agreement without obtaining the prior written approval of the other Party, which approval will not be unreasonably withheld or delayed, unless, in the reasonable judgment of the Purchaser or the Seller, disclosure is otherwise required by applicable Law (including the Securities Laws), or the Court with respect to filings to be made with the Court in connection with this Agreement or by the Securities Laws of the Securities Commissions or any stock exchange on which the Purchaser lists securities, provided that the Party intending to make such release shall use commercially reasonable efforts consistent with such applicable Law and the Court requirement to consult with the other Party with respect to the text thereof.

Section 4.5 Further Actions

From and after the Closing Date, each of the Parties shall execute and deliver such documents and other papers and take such further actions as may reasonably be required to carry out the provisions of this Agreement and give effect to the transactions contemplated herein, including the execution and delivery of such assignments, deeds and other documents as may be necessary to transfer any Purchased Assets as provided in this Agreement; provided that the Seller shall not be obligated to make any payment or deliver anything of value to any Third Party (other than filing with and payment of any application fees to Government Entities, all of which shall be paid or reimbursed by the Purchaser unless otherwise specified herein) or the Purchaser in order to obtain any consent to the transfer of Purchased Assets or the assumption of Assumed Liabilities.

Section 4.6 Transaction Expenses

Except as otherwise provided in this Agreement, the SISP, or the Ancillary Agreements, each of the Purchaser and the Seller shall bear its own costs and expenses (including brokerage commissions, finders' fees or similar compensation, and legal fees and expenses) incurred in connection with this Agreement, the other Transaction Documents and the transactions contemplated hereby and thereby.

Section 4.7 Certain Payments or Instruments Received from Third Parties

To the extent that, after the Closing Date, the Seller receives any payment that is for the account of the Purchaser according to the terms of this Agreement or relates to the Business, the Seller shall hold such payment in trust for the Purchaser and promptly deliver such amount or instrument to the Purchaser. All amounts due and payable under this Section 4.7 shall be due and payable by the Seller to the Purchaser in the form received, or if payment in such form is not possible, in immediately available funds, by wire transfer to the account designated in writing by the Purchaser. Notwithstanding the foregoing, the Purchaser hereby undertakes to use commercially reasonable efforts to direct or forward all bills, invoices or like instruments to the appropriate party.

Section 4.8 Notification of Certain Matters

The Seller shall give written notice to the Purchaser and the Purchaser shall give written notice to the Seller, as applicable, promptly after becoming aware of (a) the occurrence of any event, which would be likely to cause any condition set forth in Article 5 to be unsatisfied in any material respect at any time from the date hereof to the Closing Date; or (b) any notice or other communication from (i) any Person alleging that the consent of such Person is or may be required in connection with any of the transactions contemplated by this Agreement; or (ii) any Government Entity in connection with any of the transactions contemplated by this Agreement; provided, however, that the delivery of any notice pursuant to this Section 4.8 shall not limit or otherwise affect the remedies available hereunder to the Seller or the Purchaser.

Section 4.9 Risk of Loss

Until the Closing, the Purchased Assets will remain at the risk of the Seller. If any material destruction or material damage occurs to the Business or the GGB Acquired Entities on or before the Closing or if any or all of the Purchased Assets or assets of the GGB Acquired Entities are appropriated, expropriated or seized by Government Entity or other lawful authority on or before the Closing, the Seller will give notice thereof to the Purchaser as promptly as practical and the Purchaser will have the option, exercisable by notice to the Seller on or before the Closing to reduce the Purchase Price by an amount equal to the fair market value of the assets materially destroyed damaged, appropriated, expropriated or seized less the proceeds of insurance or compensation actually received by the GGB Acquired Entities with respect thereto, and to complete the purchase or to terminate this Agreement.

Section 4.10 Ordinary Course

(1) The Seller covenants that, from the date of this Agreement until Closing, subject to any limitation imposed by the Approval and Vesting Order, and except: (i) as otherwise contemplated by this Agreement or the CCAA Proceedings, (ii) as consented to in writing by the Purchaser, (iii) as required by applicable Law, (iv) as it relates solely to Excluded Subsidiaries; (v) in the Ordinary Course of business and on an arm's length basis; (vi) with respect to the Florida Sale, in which case the applicable entities shall constitute Excluded Subsidiaries; and (vii) as may be reasonably required in the context of the COVID-19 pandemic and the corresponding "states of emergency" and similar Orders by local, state and Federal Governmental Entities in certain jurisdictions in which the Business is conducted or the assets properties and undertaking of the GGB Acquired Entities are located, the Seller will:

- (a) carry on or maintain the status quo with respect to the Business in the Ordinary Course and consistent with past practice (subject to the Approval and Vesting Order), and use commercially reasonable efforts to maintain, preserve, insure and protect the Business and the assets of the GGB Acquired Entities in the condition in which they exist on the date hereof; and
- (b) provide regular reporting on the operations of the Business and the GGB Acquired Entities to the Purchaser.

Section 4.11 Schedules

The Seller agrees to use commercially reasonable efforts to provide the following schedules to the satisfaction of the Purchaser, acting reasonably, by no later than five (5) days prior to the Closing Date:

- (1) [Schedule 1.1\(38\) – Intellectual Property](#) - All intellectual property owned or used by or licensed to the GGB Acquired Entities of any nature and kind including all domestic and foreign trade-marks, business names, trade names, domain names, trading styles, patents, trade secrets, confidential information, software, industrial designs and copyrights, whether registered or unregistered, and all applications for registration thereof, and inventions, formulae, recipes, product formulations and chemistries, processes and processing methods, technology and techniques and know-how, including the name “**Green Growth Brands**”.
- (2) [Schedule 1.1\(44\) – Litigation](#) - With respect to the GGB Acquired Entities and/or the Business, all material actions, applications, complaints, claims, suits or proceedings, judicial or administrative (whether or not purportedly on behalf of any GGB Acquired Entity or the Seller) by or against or affecting any GGB Acquired Entity in, at law or in equity, or before or by any court or other Government Entity, domestic or foreign.
- (3) [Schedule 1.1\(45\) – Material Contracts](#) - All current material contracts entered into by or binding on any of the GGB Acquired Entities.
- (4) [Schedule 1.1\(41\) – Leases](#) - All current leases for real property entered into by or binding on any of the GGB Acquired Entities.
- (5) [Schedule 1.1\(51\) – Permitted Encumbrances](#) - Liens affecting any of the the GGB Acquired Entities or their assets.
- (6) [Schedule 1.1\(59\) – Real Property](#) - All real property owned by any of the GGB Acquired Entities.

Section 4.12 Designated Contracts

The Designated Contracts means any contracts of the Seller (other than any contracts of an Excluded Subsidiary), designated by Purchaser in writing to prior to the Closing Date (the “**Designated Contracts**”).

Section 4.13 Access

Acquireco shall preserve and kept all Books and Records and all information relating to the accounting, business, and financial affairs that relate to the Seller for a period of five years after the Acquisition Date (or such longer period as Acquireco and the Seller may agree). During such period, Acquireco shall provide the Seller and the Monitor with reasonable access to any information in its possession or control relating to the Seller as the Seller or the Monitor may reasonably require to meet legal, regulatory, accounting and auditing requirements.

ARTICLE 5 - CONDITIONS OF CLOSING

Section 5.1 Conditions to Each Party's Obligation

The Parties' obligation to effect the Closing is subject to the satisfaction or the express written waiver of the Parties, at or prior to the Closing, of each of the following conditions

- (a) there shall be in effect no Law or Order prohibiting the consummation of the transactions contemplated hereby that has not been withdrawn or terminated;
- (b) no action or proceeding shall be pending in any jurisdiction, and no Order or notice will have been made, issued or delivered by any Government Entity that would reasonably be expected to prevent or materially restrict the transactions contemplated by this Agreement; and
- (c) the Approval and Vesting Order shall have been entered, in form and substance acceptable to the Purchaser and the Seller.

Section 5.2 Conditions to the Seller's Obligation

The Seller's obligation to effect the Closing shall be subject to the fulfillment (or express written waiver by the Seller), at or prior to the Closing, of each of the following additional conditions:

- (a) except for any failure to be true and correct that has not had a material adverse effect on the ability of the Purchaser to consummate the transactions contemplated by this Agreement, each representation and warranty contained in Section 3.1 shall be true and correct (i) as if restated on and as of the Closing Date; or (ii) if made as of a date specified therein, as of such date. The Seller shall have received a certificate of the Purchaser to such effect signed by a duly authorized officer thereof;
- (b) the covenants, obligations, and agreements contained in this Agreement to be complied with by the Purchaser on or before the Closing shall have been complied with in all material respects. The Seller shall have received a certificate of Purchaser to such effect signed by a duly authorized officer thereof; and
- (c) each of the deliveries required to be made to the Seller pursuant to Article 6 shall have been so delivered.

Section 5.3 Conditions to Purchaser's Obligation

The Purchaser's obligation to effect the Closing shall be subject to the fulfillment (or express written waiver by the Purchaser), at or prior to the Closing, of each of the following additional conditions:

- (a) except for any failure to be true and correct that has not had a material adverse effect on the Business, each representation and warranty contained in Section 3.2 shall be true and correct (i) as if restated on and as of the Closing Date; or (ii) if made as of a date specified therein, as of such date. The Purchaser shall have

received a certificate of the Seller to such effect signed by a duly authorized officer thereof;

- (b) the covenants, obligations and agreements contained in this Agreement to be complied with by the Seller on or before the Closing shall have been complied with in all material respects. The Purchaser shall have received a certificate of the Seller to such effect signed by a duly authorized officer thereof;
- (c) each of the deliveries required to be made to the Purchaser pursuant to Article 6 shall have been so delivered;
- (d) the Seller shall have obtained the Initial Order and SISP Order;
- (e) the SISP Order will provide for a court order charge ranking after the DIP Facility which secures the amounts payable to the Purchaser pursuant to Section 7.3;
- (f) the Seller shall have acquired from GGB Canada 100% of the equity in the Excluded Subsidiaries;
- (g) the Seller shall have provided the Purchaser, by no later than August 13, 2020, with drafts of all motion materials that they intend to file with the Court in support of the motion for the Approval and Vesting Order;
- (h) the Priority Claims shall not exceed \$50,000, excluding
 - (i) the Administration Charge and the Interim Financing Charge (as such terms are defined in the Initial Order); and
 - (ii) the Assumed Liabilities set out in Section 2.2(3)(a) through Section 2.2(3)(d); and
- (i) The Cannabis Licenses, authorizations and/or exemptions required to be obtained in connection with the consummation of the transactions contemplated by this Agreement shall have been obtained and be in full force and effect.

Section 5.4 Waiver of Conditions

Either Party may waive, in whole or in part, at any time by notice in writing to the other Party, any condition in Section 5.2 or Section 5.3 that is for its benefit. No waiver by a Party of any condition, in whole or in part, will operate as a waiver of any other condition or of that Party's rights of termination in the event of non-fulfilment of any other condition, in whole or in part.

ARTICLE 6 - CLOSING ARRANGEMENTS

Section 6.1 Date, Place and Time of Closing

The completion of the Purchase and the assumption of the Assumed Liabilities (the “Closing”) shall take place at the offices of McMillan LLP, 181 Bay Street, Toronto, Ontario, commencing at 10:00 a.m. local time on a mutually agreed upon date (which date shall be no later than two Business Days after the day upon which all of the conditions set forth under

Article 5 (other than conditions to be satisfied at the Closing, but subject to the waiver or fulfillment of those conditions) have been satisfied or, if permissible, waived by the Seller and/or the Purchaser (as applicable), or at such other place and on such other date and at such other time as shall be mutually agreed upon in writing by the Purchaser and the Seller (the day on which the Closing takes place being the “**Closing Date**”). Legal title, equitable title and risk of loss with respect to the Purchased Assets will transfer to the Purchaser, and the Assumed Liabilities will be assumed by the Purchaser at the Closing.

Section 6.2 Actions and Deliveries at Closing

At the Closing:

- (a) the Purchaser shall satisfy the Purchase Price in accordance with Section 2.6 of this Agreement;
- (b) the Purchaser shall deliver to Seller an executed assignment and assumption agreement in form and substance satisfactory to the Seller acting reasonably, evidencing the assignment by the Seller and assumption by the Purchaser of the Purchased Assets and Assumed Liabilities;
- (c) either (i) the Purchaser shall deliver to Seller evidence of a novated loan agreement in respect of the GAOC Note, in form and substance acceptable to (A) the Seller acting reasonably and (B) the holder thereof on the basis agreed with All Js, duly executed by the holder thereof and the Purchaser or (ii) the GAOC Note shall have been assumed on the basis agreed by the holders thereof with All Js and the Approval and Vesting Order or other order of the Court shall provide, in either case that the Seller is forever released from all obligations under such note and related security;
- (d) either (i) the Purchaser shall deliver to Seller evidence of a novated loan agreement in respect of the Spring Oaks Notes, in form and substance acceptable to (A) the Seller acting reasonably and (B) the holder(s) thereof on the basis agreed with All Js, duly executed by the holder(s) thereof and the Purchaser or (ii) the Spring Oaks Notes shall have been paid in full or otherwise satisfied on the basis agreed by the holders thereof with All Js and the Approval and Vesting Order or other order of the Court shall provide, in either case that the Seller is forever released from all obligations under such notes and relates security;
- (e) the Purchaser shall direct title to the Purchased Assets to Acquireco;
- (f) the Seller, the Purchaser and Acquireco shall deliver duly executed copies of and enter into the Transaction Documents to which it is contemplated that they will be parties, respectively;
- (g) the Purchaser shall deliver the officer’s certificates required to be delivered pursuant to Section 5.2(a) and Section 5.2(b);
- (h) the Seller shall deliver the officer’s certificates required to be delivered pursuant to Section 5.3(a) and Section 5.3(b);
- (i) the Seller shall deliver a copy of the Approval and Vesting Order; and

- (j) each Party shall deliver, or cause to be delivered, to the other any other documents reasonably requested by such other Party in order to effect, or evidence the consummation of, the transactions contemplated herein or otherwise provided for under this Agreement, provided however that all material physical or electronic deliveries required hereunder to be made by the Seller shall be at the Purchaser's expense.

Section 6.3 Delivery of the Monitor's Certificate

When the conditions set out in Article 5 have been satisfied or waived, the Monitor will deliver an executed copy of the Monitor's Certificate to the Purchaser and Acquireco. Upon such delivery, the Closing will be deemed to have occurred. The Monitor will file a copy of the Monitor's Certificate with the Court and provide evidence of such filing to the Purchaser and Acquireco.

Section 6.4 Acknowledgement

The Seller acknowledges that the costs and expenses (including legal fees) incurred by the Purchaser in connection with the transactions contemplated by this Agreement constitute costs and expenses incurred in connection with the enforcement and/or preservation of its rights under the Credit Documents.

Section 6.5 Offers

(1) Prior to the Phase II Bid Deadline, as defined in the SISP, the Purchaser shall identify in writing to the Seller, the employees of the Seller to whom it intends to make an offer of employment and the terms of such offer. Prior to the Closing and effective as of the Closing Date and conditional on Closing, shall make such offers. For greater certainty, nothing herein will prevent the Purchaser from including in the offers of employment an acknowledgement of new employment and that the employee's years of service with the Seller will be recognized for statutory purposes only.

(2) The Seller acknowledges and agrees that: (i) the Seller makes no representation or warranty that any of the foregoing employees will accept employment with the Purchaser; and (ii) the acceptance by employees of offers of employment with the Purchaser shall not constitute a condition to the Purchaser's obligation to complete the transactions contemplated by this Agreement.

Section 6.6 Regulatory Approval and Cannabis Licenses

No later than five (5) Business Days after entry of the Approval and Vesting Order approving this Agreement, the Purchaser shall file and shall cause its shareholders to file all registrations, declarations, filings, applications, petitions, background checks and other documents as may be necessary, proper or advisable for the Purchaser to obtain any required orders, authorizations or approvals with respect to the Cannabis Licenses for the transactions contemplated by this Agreement. The Purchaser shall be solely responsible for any and all costs and expenses incurred in obtaining such approvals. The Seller shall cooperate with the Purchaser in pursuing such regulatory approvals and shall provide such information as the Purchaser may require or deem appropriate, in connection therewith.

ARTICLE 7 - TERMINATION

Section 7.1 Termination Rights

This Agreement may be terminated at any time prior to the Closing (or in the case of clause (c) below, within the time period prescribed therein):

- (a) by the Purchaser if the DIP Facility is terminated or there is a material breach of representation or warranty thereunder by the Seller that constitutes an Event of Default under the terms of the DIP Facility;
- (b) by mutual written consent of the Seller and the Purchaser;
- (c) by the Purchaser as described in Section 4.9;
- (d) by either Party, upon written notice to the other:
 - (i) in the event of a material breach by such other Party of such other Party's representations, warranties, agreements or covenants set forth in this Agreement, which breach (A) would result in a failure of the conditions to Closing set forth in Section 5.2 or Section 5.3, as applicable; and (B) is not cured within seven (7) days from receipt of a written notice from the non-breaching Party;
 - (ii) if a Government Entity issues an Order prohibiting the transactions contemplated hereby;
- (e) upon the approval of a Successful Bid (other than the bid represented by this Agreement) in an Approval Motion, as defined in and pursuant to the SISP; or
- (f) if the Closing does not take place by the date which is 120 days of the date of SISP Order (such date the "**Outside Date**");

provided, however, that (i) the right to terminate this Agreement pursuant to Section 7.1(d) or Section 7.1(f) shall not be available to any Party whose breach hereof has been the principal cause of, or has directly resulted in, the event or condition purportedly giving rise to a right to terminate this Agreement under such clauses and (ii) in the event any required orders, authorizations or approvals with respect to the Cannabis Licenses for the transactions contemplated by this Agreement have not yet been obtained by the Outside Date, the Outside Date and any termination right available to any Party in connection therewith will be extended by a period of 30 days and thereafter may be further extended by mutual written consent of the Seller and the Purchaser.

Section 7.2 Effect of Exercise of Termination Rights

If this Agreement is terminated pursuant to Section 7.1, all further obligations of the Parties under or pursuant to this Agreement shall terminate without further Liability of any Party to the other except for the provisions of Section 1.1 (Definitions), Section 1.2 (Rules of Interpretation), Section 3.1(f) (No Brokers), Section 4.4 (Public Announcements), Section 4.6 (Transaction Expenses), Section 7.2 (Effect of Exercise of Termination Rights), Section 7.3 (Break Fee and Expense Reimbursement) Section 8.3 (Remedies), Section 8.4 (No Third-Party

Beneficiaries), Section 8.6 (Successors and Assigns), Section 8.7 (Governing Law; Submission to Jurisdiction), Section 8.8 (Notices), and Section 8.13 (Entire Agreement).

Section 7.3 Break Fee and Expense Reimbursement

This Agreement is subject to other offers presented in accordance with the SISP. Upon the closing of a Successful Bid under the SISP, other than the bid represented by this Agreement, (i) the Seller shall pay to All Js a break fee in the amount of \$2,000,000, of which 25% will be for the account of Green Ops Group LLC; and (ii) the Seller shall reimburse All Js its actual fees, expenses and disbursements relating to the preparation and execution of this Agreement to a maximum of \$150,000 in the aggregate.

ARTICLE 8 - MISCELLANEOUS

Section 8.1 No Survival of Representations and Warranties or Covenants

- (1) No representations or warranties, covenants or agreements in this Agreement or in any instrument delivered pursuant to this Agreement shall survive beyond the Closing Date unless expressly provided for herein or therein.
- (2) With respect to Claims against the Seller or the Purchaser, no Claim of any nature whatsoever for breach of representations or warranties hereunder may be made, or Action instituted with respect thereto, after the Closing Date.
- (3) Notwithstanding the foregoing, the covenants and agreements that by their terms are to be satisfied after the Closing Date shall survive until satisfied in accordance with their terms.

Section 8.2 Purchaser Disclosure Supplements

From time to time prior to the Closing, the Purchaser shall have the right to supplement or amend the Schedules hereto with respect to any matter that, if existing, occurring or known at the date of this Agreement, would have been required to be set forth or described in the respective Schedules. The Schedules shall be deemed amended by all such supplements and amendments for all purposes.

Section 8.3 Remedies

No failure to exercise, and no delay in exercising, any right, remedy, power or privilege under this Agreement by any Party will operate as a waiver of such right, remedy, power or privilege, nor will any single or partial exercise of any right, remedy, power or privilege under this Agreement preclude any other or further exercise of such right, remedy, power or privilege or the exercise of any other right, remedy, power or privilege.

Section 8.4 No Third-Party Beneficiaries

This Agreement is for the sole benefit of the Parties and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 8.5 Consent to Amendments; Waivers

No Party shall be deemed to have waived any provision of this Agreement or any of the other Transaction Documents unless such waiver is in writing, and then such waiver shall be limited to the circumstances set forth in such written waiver. This Agreement and the ancillary documents shall not be amended, altered or qualified except by an instrument in writing signed by all the Parties hereto or thereto, as the case may be.

Section 8.6 Successors and Assigns

Except as otherwise expressly provided in this Agreement, all representations, warranties, covenants and agreements set forth in the Transaction Documents by or on behalf of the Parties thereto will be binding upon and inure to the benefit of such Parties and their respective successors and permitted assigns. This Agreement and any of the rights, interests or obligations hereunder may be assigned by the Purchaser without the prior written consent of the Seller, including to Acquireco, which may participate in the Purchase on its own behalf or through a subsidiary in which case any references to Acquireco in this Agreement shall be to its subsidiary, and including where such assignment is made to an Affiliate of the Purchaser or to any other Third Party capable of fulfilling the transaction contemplated hereunder.

Section 8.7 Governing Law; Submission to Jurisdiction

(1) Any questions, claims, disputes, remedies or Actions arising from or related to this Agreement, and any relief or remedies sought by any Parties, shall be governed exclusively by the Laws of the Province of Ontario and the federal laws of Canada applicable therein without regard to the rules of conflict of laws applied therein or any other jurisdiction.

(2) To the fullest extent permitted by applicable Law, each Party (i) agrees that any Claim, Action or proceeding by such Party seeking any relief whatsoever arising out of, or in connection with, this Agreement or the transactions contemplated hereby shall be brought only in the Court; (ii) agrees to submit to the nonexclusive jurisdiction of the Court for purposes of all legal proceedings arising out of, or in connection with, this Agreement or the transactions contemplated hereby; (iii) waives and agrees not to assert any objection that it may now or hereafter have to the laying of the venue of any such Action brought in such a Court or any Claim that any such Action brought in such a Court has been brought in an inconvenient forum; (iv) agrees that mailing of process or other papers in connection with any such Action or proceeding in the manner provided in Section 8.8 or any other manner as may be permitted by Law shall be valid and sufficient service thereof; and (v) agrees that a judgment in any such Action or proceeding, once finally determined, settled or adjudicated, and all rights to appeal, if any, have been exhausted or have expired, shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law.

Section 8.8 Notices

All demands, notices, communications and reports provided for in this Agreement shall be deemed given if in writing and delivered, if sent by electronic mail, courier or sent by reputable overnight courier service (delivery charges prepaid) to any Party at the address specified below, or at such other address, to the attention of such other Person, and with such other copy, as the recipient Party has specified by prior written notice to the sending Party pursuant to the provisions of this Section 8.8.

If to All Js, to:

All Js Greenspace LLC
4300 East 5th Avenue
Columbus, Ohio 43215

Attention: Ben Kraner
Email: ben.kraner@spgggroup.com

With a copy to legal counsel to All Js (which shall not constitute notice):

McMillan LLP
181 Bay Street, Suite 440
Toronto, ON M5J 2T3

Attention : Wael Rostom
Email: wael.rostom@mcmillan.ca

If to CTA, to

Capital Transfer Agency, ULC
390 Bay St. Suite 920
Toronto, ON M5H 2Y2

Attention: Sarah Morrison
Email: SMorrison@capitaltransferagency.com

With a copy to legal counsel to CTA (which shall not constitute notice):

KMB Law
900-3 Robert Speck Parkway
Mississauga, Ontario L4Z2G5

Attention: Wojtek Jaskiewicz
Email: wjaskiewicz@kmblaw.com

If to the Seller, to:

Green Growth Brands Inc.
4300 East Fifth Ave.
Columbus, Ohio 43219

Attention: Kent Kiffner
Email: kkiffner@greengrowthbrands.com

With a copy to legal counsel of the Seller (which shall not constitute notice):

Stikeman Elliott LLP
199 Bay Street, Suite 5300
Toronto, Ontario M5L1B9

Attention: Michael Burkett
Email: mburkett@stikeman.com

And a copy to the Monitor:

Ernst & Young Inc.
100 Adelaide Street W, PO Box 1
Toronto, Ontario M5H 0B3

Attention: Sharon Hamilton
Email: sharon.s.hamilton@ca.ey.com

(1) Any such demand, notice, communication or report shall be deemed to have been given pursuant to this Agreement when delivered personally, when confirmed if by electronic mail, or on the calendar day after deposit with a reputable overnight courier service, as applicable.

Section 8.9 Schedules

The Schedules attached hereto constitute a part of this Agreement and are incorporated into this Agreement for all purposes as if fully set forth herein.

Section 8.10 Counterparts

The Parties may execute and deliver this Agreement in two or more counterparts (no one of which need contain the signatures of all Parties), including scanned PDF document, with the same effect as if all Parties had executed and delivered the same copy, each of which will be deemed an original and all of which together will constitute one and the same instrument.

Section 8.11 No Presumption

The Parties agree that this Agreement was negotiated fairly among them at arm's length and that the final terms of this Agreement are the product of the Parties' negotiations. Each Party represents and warrants that it has sought and received experienced legal counsel of its own choosing with regard to the contents of this Agreement and the rights and obligations affected hereby. The Parties agree that this Agreement shall be deemed to have been jointly and equally drafted by them, and that the provisions of this Agreement therefore should not be construed against a Party on the grounds that such Party drafted or was more responsible for drafting the provisions.

Section 8.12 Severability

If any provision, clause, or part of this Agreement, or the application thereof under certain circumstances, is held invalid, illegal or incapable of being enforced in any jurisdiction, (i) as to such jurisdiction, the remainder of this Agreement or the application of such provision, clause or part under other circumstances; and (ii) as for any other jurisdiction, any provision of this Agreement, shall not be affected and shall remain in full force and effect, unless, in each case, such invalidity, illegality or unenforceability in such jurisdiction materially impairs the ability of the Parties to consummate the transactions contemplated by this Agreement or to carry out the intent of this Agreement. Upon such determination that any clause or other provision is invalid, illegal or incapable of being enforced in such jurisdiction, 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 a mutually acceptable manner in order that the transactions contemplated hereby be consummated or carried out as originally contemplated to the greatest extent legally possible including in such jurisdiction.

Section 8.13 Entire Agreement

The Transaction Documents set forth the entire understanding of the Parties relating to the subject matter thereof, and all prior or contemporaneous understandings, agreements, representations and warranties, whether written or oral, are superseded by the Transaction Documents, and all such prior or contemporaneous understandings, agreements, representations and warranties are hereby terminated. In the event of any irreconcilable conflict between this Agreement and any of the other Transaction Documents, the provisions of this Agreement shall prevail, regardless of the fact that certain Ancillary Agreements may be subject to different governing Laws (unless the other Transaction Documents expressly provides otherwise).

[SIGNATURE PAGE FOLLOWS]

The Parties have executed this Acquisition Agreement.

GREEN GROWTH BRANDS INC.

By: Raymond C. Whitaker III
Name: Raymond C. Whitaker III
Title: Interim Chief Executive Officer

ALL JS GREENSPACE LLC

By: _____
Name:
Title:

**CAPITAL TRANSFER AGENCY ULC,
solely in its capacity as Debenture Trustee**

By: _____
Name:
Title:

The Parties have executed this Acquisition Agreement.

GREEN GROWTH BRANDS INC.

By: _____
Name:
Title:

ALL JS GREENSPACE LLC

By: BAZ/K
Name: Ben Kraner
Title: Manager

**CAPITAL TRANSFER AGENCY ULC,
solely in its capacity as Debenture Trustee**

By: _____
Name:
Title:

The Parties have executed this Acquisition Agreement.

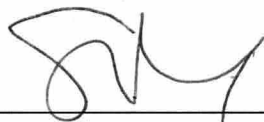
GREEN GROWTH BRANDS INC.

By: _____
Name: _____
Title: _____

ALL JS GREENSPACE LLC

By: _____
Name: _____
Title: _____

**CAPITAL TRANSFER AGENCY ULC,
solely in its capacity as Debenture Trustee**

By:  _____
Name: Sarah Morrison
Title: Managing Director

Schedule 1.1(17) – Cannabis Licenses

Spring Oaks Greenhouses, Inc.	Vertical MMTC	N/A	On or about April 19, 2021	Cultivation, production, and medical sale
Just Healthy LLC	Provisional Certificate of Registration	Northampton, MA	N/A	Dispensary, cultivation and processing site, and up to three medical dispensaries with preferred treatment for future adult use
Just Healthy LLC	Provisional Adult-Use Dispensary	Northampton, MA	N/A	Adult-Use Dispensary
Just Healthy LLC	Provisional Adult-Use Cultivation	Northampton, MA	N/A	Adult-Use Cultivation
Just Healthy LLC	Provisional Adult-Use Production	Northampton, MA	N/A	Adult-Use Production
Wellness Orchards of Nevada LLC	Medical Cultivation License No. 06113068616119421027	Pahrump	6/30/20	Cultivation
Wellness Orchards of Nevada LLC	Adult Use / Cultivation License No. 75650075113718192894	Pahrump	6/30/20	Cultivation
Nevada Organic Remedies LLC	Adult Use Dispensary License No. 024414260227553521200	Las Vegas Municipal approval	6/30/20	Retail
Nevada Organic Remedies LLC	Medical Dispensary License No.	Las Vegas Municipal approval	6/30/20	Medical

	51266222807288437193			
Nevada Organic Remedies LLC	Adult Use / Cultivation License No. 89537461737742132623	Las Vegas Municipal approval	6/30/20	Cultivation
Nevada Organic Remedies LLC	Distribution License No. 66956185074616370216	Las Vegas Municipal approval	6/30/20	Distribution
Nevada Organic Remedies LLC	Medical Cultivation License No. 88242054656300627601	Las Vegas Municipal approval	6/30/20	Cultivation
Nevada Organic Remedies LLC	Medical Production License No. 72792951478780009507	Las Vegas Municipal approval	6/30/20	Production
Nevada Organic Remedies LLC	Adult Use Production License No. 88853210986743836974	Las Vegas Municipal approval	6/30/20	Production
Nevada Organic Remedies LLC	Provisional Adult Use Dispensary RD215	Clark County, NV	12/5/20	Retail
Nevada Organic Remedies LLC	Provisional Adult Use Dispensary RD216	Las Vegas, NV	12/5/20	Retail
Nevada Organic Remedies LLC	Provisional Adult Use Dispensary RD217	North Las Vegas, NV	12/5/20	Retail
Nevada Organic Remedies LLC	Provisional Adult Use Dispensary RD218	Henderson, NV	12/5/20	Retail

Nevada Organic Remedies LLC	Provisional Adult Use Dispensary RD219	Reno, NV	12/5/20	Retail
Nevada Organic Remedies LLC	Provisional Adult Use Dispensary RD221	Nye County, NV	12/5/20	Retail
Nevada Organic Remedies LLC	Provisional Adult Use Dispensary RD222	Carson City, NV	12/5/20	Retail
Henderson Organic Remedies LLC	Medical Dispensary License No. 30554192662175908311	Henderson Municipal approval	6/30/20	Medical
Henderson Organic Remedies LLC	Adult-Use Dispensary License No. 59287610826909824091	Henderson Municipal approval	6/30/20	Retail

Schedule 1.1(39) – Intellectual Property

To be provided.

Schedule 1.1(41) – Leases

To be provided.

Schedule 1.1(44) – Litigation

To be provided.

Schedule 1.1(45) – Material Contracts

To be provided.

Schedule 1.1(53) – Permitted Encumbrances

To be provided.

Schedule 1.1(63) – Real Property

To be provided.

Schedule 2.1 – Purchased Shares and Debt

100% of the equity in GGB Canada Inc. and Xanthic Biopharma Limited.

All intercompany indebtedness owed by the GGB Acquired Entities to the Seller.

Schedule 2.5 – Allocation of Purchase Price

Schedule 3.2(c) – GGB Acquired Entity

TAB 4

Sale and Investment Solicitation Process

INTRODUCTION

Overview

On May [X], 2020, Green Growth Brands Inc. (“**GGB**”), GGB Canada Inc., Xianthic Biopharma Limited, and Green Growth Brands Realty Ltd. (collectively, the “**Applicants**”) were granted an initial order (as amended or amended and restated from time to time, the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act* (the “**CCAA**” and the “**CCAA Proceedings**”) by the Ontario Superior Court of Justice (the “**Court**”). The Initial Order, as amended and restated on [X], 2020, among other things:

- (a) stays all proceedings against the Applicants, their assets and their respective directors and officers;
- (b) appoints Ernst & Young Inc. as the monitor of the Applicants (in such capacity, the “**Monitor**”); and
- (c) authorizes the Applicants to enter into a debtor-in-possession financing agreement (the “**DIP Financing**”) with All Js Greenspace LLC (“**All Js**” or the “**DIP Lender**”) whereby All Js agreed to provide a maximum principal amount of **US\$7.2 million** in financing to GGB for its benefit and the benefit of its subsidiaries and grants a corresponding charge (the “**DIP Charge**”) over all of the Applicants’ present and future assets, property and undertakings of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”).

On [X], 2020, the Applicants obtained an Order (the “**SISP Order**”) that, among other things, (i) approved the sale and investment solicitation process described herein (the “**SISP**”), and (ii) authorized GGB to enter into a fully binding and conditional acquisition agreement (the “**Stalking Horse Agreement**”) between GGB, Capital Transfer Agency ULC in its capacity as Debenture Trustee under certain debentures issued by GGB (in such capacity, the “**Debenture Trustee**”) and All Js (collectively with the Debenture Trustee, the “**Stalking Horse Bidder**”) pursuant to which the Stalking Horse Bidder through, among other things, a credit bid, made an offer to purchase the Purchased Assets (as defined in the Stalking Horse Agreement).

The Applicants will conduct the SISP described herein under the supervision of the Monitor. Under the SISP, all qualified interested parties will be provided with an opportunity to participate in the SISP. The SISP is intended to find the highest and/or best offer for a restructuring and/or refinancing of the Applicants, a sale of the Property on a going concern basis, or a combination thereof, which may include a merger, reorganization, recapitalization, primary equity issuance or other similar transaction (the “**Transaction**”).

The SISP Order, the procedures in respect of the SISP as contained herein (the “**SISP Procedures**”) and any subsequent order issued by the Court pertaining to the SISP Procedures shall exclusively govern the process for soliciting and selecting bids for the Transaction.

Defined Terms

All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Initial Order. In addition, in these SISP Procedures:

“Priority Claims Amount” means the aggregate amount owing (whether for principal, interest, fees, recoverable costs or otherwise) by GGB at the date upon which the transactions contemplated by the Successful Bid, if any, are completed, under:

- (i) the DIP Financing;
- (ii) the amended and restated promissory note dated November 15, 2019 issued by GGB to GA Opportunities Corp. (the **“GAOC Note”**);
- (iii) any court-ordered charges granted over the Property in the CCAA Proceedings; and
- (iv) any other claims against the Property which, in accordance with applicable laws, rank in priority to the Senior Secured Claims Amount;

“Senior Secured Claims Amount” means the aggregate amount owing (whether for principal, interest, fees, recoverable costs or otherwise) by GGB as at the date upon which the transactions contemplated by the Successful Bid, if any, are completed, under:

- (i) the convertible secured debentures issued by GGB pursuant to that certain convertible debenture indenture dated May 17 between GGB and the Debenture Trustee; and
- (ii) the convertible secured debentures issued by GGB pursuant to that certain convertible debenture indenture dated October 18, 2019, as amended, between GGB and the Debenture Trustee;

“Superior Offer” shall mean an offer that is made by a Qualified Bidder (as defined herein) that:

- (a) is credible, reasonably certain, and financially viable and on terms which are more favourable and no more burdensome or conditional than the terms contained in the Stalking Horse Agreement;
- (b) provides for a minimum cash consideration in an amount equal to the aggregate of (i) the Senior Secured Claims Amount, which amount is to be indefeasibly received by the Debenture Trustee for immediate distribution to the holders of the Senior Secured Claims Amount in full satisfaction of the amounts owing thereto; (ii) the Priority Claims Amount; (iii) a break fee in the amount of \$2,000,000 (the **“Break Fee”**); (iv) a reimbursement of All Js actual fees, expenses and disbursements relating to the preparation and execution of the Stalking Horse Agreement up to a maximum amount of \$150,000 (collectively with the Break Fee, the **“Bid Protection Fees”**); and (v) an incremental overbid increment above the amounts set out in (i) to (iv) of \$250,000; and
- (c) assumes, at a minimum, the Assumed Obligations (as defined in the Stalking Horse Agreement), with the exception of the GAOC Note which, for greater certainty, may

not be assumed as part of a Superior Offer but must be satisfied through cash consideration paid on account of the Priority Claims Amount.

Solicitation Process

The SISP Procedures set forth herein describe, among other things, the Property available for sale and the opportunity for an investment in the Applicants, the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning the Property and the Applicants, the manner in which bidders and bids become Qualified Bidders and Qualified Bids, respectively, the receipt and negotiation of bids received, the process for an Auction, if any, the ultimate selection of a Successful Bidder, if any (each as defined below), and the Court's approval thereof. The SISP shall be conducted by the Applicants, under the supervision and with the assistance of the Monitor, as provided for herein. In the event that there is disagreement as to the interpretation or application of these SISP Procedures, the Court will have exclusive jurisdiction to hear and resolve such dispute.

Sale and Investment Opportunity

A Confidential Information Memorandum describing the opportunity to acquire all or substantially all of the Property or invest in the Applicants will be made available by the Monitor to prospective purchasers or prospective strategic or financial investors that have executed a confidentiality agreement with the Applicants. One or more Qualified LOIs (as defined below) for less than substantially all of the Property will not be precluded from consideration as a Superior Offer.

“As Is, Where Is”

The sale of the Property or investment in the Applicants will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Applicants, or any of their agents or estates, except to the extent set forth in the definitive sale or investment agreement with a Successful Bidder.

Free of Any and All Claims and Interests

In the event of a sale, all of the rights, title and interests of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the “**Claims and Interests**”) pursuant to section 36(6) of the CCAA, such Claims and Interests to attach to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant sale agreement with a Successful Bidder.

An investment in the Applicants may, at the option of the Successful Bidder, include one or more of the following: a restructuring, recapitalization or other form of reorganization of the business and affairs of the Applicants as a going concern; a sale of the Property to a newly formed acquisition entity on terms described in the above paragraph; or a plan of compromise or arrangement pursuant to the CCAA or any applicable corporate legislation which compromises the Claims and Interests as set out therein.

Phase I – Initial Timing

For a period of approximately four (4) weeks following the date of the SISP Order, or for such shorter period as the Monitor, in consultation with the DIP Lender, may determine appropriate (“**Phase 1**”), the Monitor will solicit non-binding letters of interest from prospective strategic or financial parties to acquire the Property or to invest in the Applicants (“**Non-Binding LOIs**”).

Publication Notice

As soon as reasonably practicable after granting of the SISP Order approving these SISP Procedures, but in any event no more than five (5) business days after the issuance of the SISP Order, the Monitor shall cause a notice of the sale and investor solicitation process contemplated by these SISP Procedures and such other relevant information which the Monitor considers appropriate to be published in The Globe and Mail (National Edition) [**NTD: specific U.S. news paper**] and such other publications as the Monitor, in consultation with the Applicants, may deem appropriate. At the same time, GGB shall issue a press release setting out the notice and such other relevant information in form and substance satisfactory to the Monitor, with Canada Newswire designating dissemination in Canada and major financial centres in the United States.

Participation Requirements

Unless otherwise ordered by the Court or as otherwise determined by the Monitor, in order to participate in the SISP, each person (a “**Potential Bidder**”) must deliver to the Monitor at the address specified in Schedule “A” hereto (including by e-mail or fax transmission):

- (a) prior to the distribution of any confidential information by the Monitor or the Applicants (including the Confidential Information Memorandum), an executed confidentiality agreement in form and substance satisfactory to the Monitor and the Applicants, which shall inure to the benefit of any purchaser of the Property or any investor in the Applicants under these SISP Procedures; and
- (b) on or prior to the Phase I Bid Deadline, as defined below, specific indication of the anticipated sources of capital for the Potential Bidder and preliminary evidence of the availability of such capital, or such other form of financial disclosure and credit-quality support or enhancement that will allow the Monitor and its legal advisors to make, in their reasonable business or professional judgement, a determination as to the Potential Bidder’s financial and other capabilities to consummate the transaction.

A Potential Bidder that has executed a confidentiality agreement, as described above, and delivers the documents described above, whose financial information and credit quality support or enhancement demonstrate to the satisfaction of the Monitor, in its reasonable business judgement, is likely (based on availability of financing, experience and other considerations) to be able to consummate a Sale Proposal (as defined below) or an Investment Proposal (as defined below) will be deemed a “**Qualified Bidder**”.

The determination as to whether a Potential Bidder is a Qualified Bidder will be made as promptly as practicable after a Potential Bidder delivers all of the materials required above. If it is

determined that a Potential Bidder is a Qualified Bidder, the Monitor will promptly notify the Potential Bidder that it is a Qualified Bidder.

Due Diligence

The Monitor shall provide any person seeking to become a Qualified Bidder that has executed a confidentiality agreement with a copy of a confidential information package providing additional information considered relevant to the potential Transaction (the “**Confidential Information Memorandum**”). The Monitor and the Applicants make no representation or warranty as to the information contained in the Confidential Information Memorandum or the information to be provided through the due diligence process in Phase 2 or otherwise, except, in the case of the Applicants, to the extent otherwise contemplated under any definitive sale or investment agreement with a Successful Bidder executed and delivered by the Applicants.

For greater certainty, Qualified Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and Applicants in connection with their participation in the SISP and any Transaction they enter into with the Applicants.

PHASE I

Seeking Non-Binding Letters of Interest from Qualified Bidders

Qualified Bidders that desire to participate in Phase I (a “**Bidder**”) shall submit a non-binding letter of interest (the “**Qualified Non-Binding LOI**”) that complies with all of the following requirements to the Monitor at the addresses specified in Schedule “A” hereto (including by e-mail or fax transmission), so as to be received by it not later than 5:00 PM (Eastern Time) on July 6, 2020, or such later other date or time as may be agreed by the Applicants, the Monitor, and the DIP Lender (the “**Phase I Bid Deadline**”):

- (a) the Qualified Non-Binding LOI may be an offer to (i) acquire all, substantially all or a portion of the Property (a “**Sale Proposal**”), or (ii) make an investment in, restructure, reorganize or refinance the Applicants (an “**Investment Proposal**”), but in either case must, in the reasonable business judgement of the Monitor and Applicants, constitute a Superior Offer;
- (b) in the case of a Sale Proposal, it identifies or contains the following:
 - i. the purchase price or price range in [**Canadian dollars**], including details of any liabilities to be assumed by the Qualified Bidder and key assumptions supporting the valuation;
 - ii. a description of the Property that is expected to be subject to the transaction and any of the Property expected to be excluded;
 - iii. a specific indication of the financial capability of the Qualified Bidder and the expected structure and financing of the transaction;
 - iv. a description of the conditions and approvals required for a final and binding offer;

- v. an outline of any additional due diligence required to be conducted in Phase II (as defined below), if any, in order to submit a final and binding offer; and
- vi. any other terms or conditions of the Sale Proposal that the Qualified Bidder believes are material to the transaction;

(c) in the case of an Investment Proposal, it identifies the following:

- i. the direct or indirect investment target;
- ii. a description of how the Qualified Bidder proposes to structure the proposed investment;
- iii. the aggregate amount of the equity and/or debt investment to be made in the Applicants in **[Canadian dollars]**;
- iv. the underlying assumptions regarding the pro forma capital structure (including the anticipated debt levels, debt service fees, interest, and amortization);
- v. the equity, if any, to be allocated to the Senior Secured Claims, the Priority Claims, or any other secured or unsecured creditors of the Applicants;
- vi. a specific indication of the financial capability of the Qualified Bidder and the expected structure and financing of the Transaction;
- vii. a description of the conditions and approvals required for a final and binding offer;
- viii. an outline of any additional due diligence required to be conducted in Phase II (as defined below), if any, in order to submit a final and binding offer; and
- ix. any other terms or conditions of the Investment Proposal that the Qualified Bidder believes are material to the transaction;

(d) in the case of either of a Sale Proposal or an Investment Proposal, it:

- i. contains such other information as reasonably requested by the Applicants and/or the Monitor to allow them to determine, among other things, whether it has a reasonable prospect of resulting in a Superior Offer;
- ii. fully discloses the identity of each entity or person that will be entering into the Transaction, that is participating in, or benefiting from, such bid, including any equity holders;

- iii. contains a certification from the Qualified Bidder that they are familiar with the Canadian and U.S. local and state-level cannabis regulations, meet the requisite qualifications to be a license holder thereunder, and are currently licensed or approved in one or more of the relevant states; and
- iv. contemplates closing the Transaction set out therein on or before [X], 2020 (the “**Outside Closing Date**”) [NTD: **SISP Order + 90 days**] or such other date as may be agreed upon by the parties with the DIP Lender’s consent.

The Applicants, with the approval of the Monitor, may waive strict compliance with any one or more of the foregoing requirements and deem such non-compliant bids to be a Qualified Non-Binding LOI; provided that the Applicants shall only do so after obtaining the DIP Lender’s consent, and the consent of the holder of the GAOC Notewith respect to the specific requirements to be waived, which consent is not to be unreasonably withheld. In the event the DIP Lender refuses to provide its consent, the Monitor may apply to the Court for advice and directions with respect to the conduct of the SISP.

Advance to Phase II

Within three (3) business days following the Phase I Bid Deadline, or by such other later date as may be agreed by the Monitor, the Applicants, and the DIP Lender, the Monitor will, in consultation with the Applicants, assess the Qualified Non-Binding LOIs received during Phase I, if any, and determine whether there is a reasonable prospect of obtaining a Superior Offer. If the Monitor determines that there is such a reasonable prospect, the Monitor will recommend to the Applicants that the SISP continue into Phase II in accordance with these SISP Procedures (“**Phase II**”). If the Applicants accept such recommendation, the SISP will immediately thereafter continue to Phase II. If the Applicants do not accept such recommendation, the Monitor will report to the Court that the Applicants do not accept such recommendation, and will seek advice and directions from the Court with respect to the SISP.

If the Monitor, in consultation with the Applicants, determines that there is no reasonable prospect of a Qualified Non-Binding LOI resulting in a Superior Offer, the Monitor will forthwith advise the DIP Lender of such determination.

Terminate the SISP

The Monitor shall recommend to the Applicants that the SISP be terminated at the end of Phase I if:

- (a) no Qualified Non-Binding LOI is received by the Monitor; or
- (b) the Monitor determines that there is no reasonable prospect that any Qualified Non-Binding LOI received will result in a Superior Offer.

If the Applicants do not accept the Monitor’s recommendation to terminate the SISP at the end of Phase I, the Monitor shall advise the Court and seek advice and directions of the Court with respect to the SISP. If the SISP is terminated pursuant to the Monitor’s recommendation or pursuant to Court Order, the Applicants shall promptly take steps to complete the Transaction contemplated

by the Stalking Horse Agreement and the Monitor shall notify each Qualified Bidder that submitted a Qualified Non-Binding LOI that the SISP has been terminated.

PHASE II

Seeking Qualified Bids by Qualified Bidders

During Phase II, each Qualified Bidder that is not eliminated from the SISP in accordance with these SISP Procedures shall have such due diligence access to materials and information relating to the Property and the Applicants as the Monitor, in its reasonable business judgement and in consultation with the Applicants, deems appropriate, having regard to the advance to Phase II and the requirements of a Qualified Purchase Bid (defined below) and a Qualified Investment Bid (defined below) including, as appropriate, meetings with senior management of the Applicants.

A Qualified Bidder that is not eliminated from the SISP in accordance with these SISP Procedures and that desires to participate in Phase II will deliver written copies of a Qualified Purchase Bid or a Qualified Investment Bid to the Monitor at the address specified in Schedule “A” hereto (including by e-mail or fax transmission) so as to be received by it not later than 5:00 PM (Toronto time) on [X], 2020 [NTD: SISP Order + 60 days], or such later other date or time as may be agreed by the Applicants, the Monitor, and the DIP Lender (the “**Phase II Bid Deadline**”).

Qualified Purchase Bids

A bid submitted to acquire all or substantially all of the Property will be considered a Qualified Purchase Bid only if (i) the bid is submitted by a Qualified Bidder who submitted a Qualified Non-Binding LOI on or before the Phase I Bid Deadline; (ii) the Qualified Bidder was not eliminated from the SISP in accordance with these SISP Procedures; and (iii) the Bid complies with all of the following (a “**Qualified Purchase Bid**”):

- (a) it is on substantially the same terms as the Qualified Non-Binding LOI submitted by such Qualified Bidder in Phase I of these SISP procedures and constitutes, in the reasonable business judgment of the Monitor and Applicants, a Superior Offer;
- (b) it includes a letter stating that the Qualified Bidder’s offer is irrevocable until the earlier of (x) the selection of the Successful Bidder, and (y) thirty (30) days following the Phase II Bid Deadline, provided that if such Qualified Bidder is selected as the Successful Bidder its offer shall remain irrevocable until the closing of the sale to the Successful Bidder;
- (c) it includes a duly authorized and executed acquisition agreement, including the purchase price for assets proposed to be acquired, expressed in [Canadian dollars] (the “**Purchase Price**”), together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the Qualified Bidder with all exhibits and schedules thereto (or term sheets that describe the material terms and provisions of such agreements);
- (d) it includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate the proposed Transaction, that will allow the Monitor and the Applicants to make a reasonable determination as to the Qualified Bidder’s financial and other capabilities to consummate the Transaction contemplated by the bid;

- (e) it is not conditioned on (i) the outcome of unperformed due diligence by the Qualified Bidder and/or (ii) obtaining financing;
- (f) it fully discloses the identity of each entity that will be sponsoring or participating in the bid, and the complete terms of any such participants;
- (g) it includes an acknowledgement and representation that the Qualified Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; and (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase agreement;
- (h) it includes evidence, in form and substance reasonably satisfactory to the Monitor, of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the bid;
- (i) it is accompanied by a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to 5% of the Purchase Price, to be held and dealt with in accordance with these SISP Procedures;
- (j) it includes a representation that the Qualified Bidder is familiar with the Canadian and U.S. local and state-level cannabis regulations, meets the requisite qualifications to be a license holder thereunder, and are currently licensed or approved in one or more of the relevant states and includes evidence in form and substance reasonably satisfactory to the Monitor to support such representation; and
- (k) it contains other information reasonably requested by the Applicants, in consultation with the Monitor.

Qualified Investment Bids

A bid submitted to make an investment in the Applicants will be considered a Qualified Investment Bid only if (i) the bid is submitted by a Qualified Bidder who submitted a Qualified Non-Binding LOI on or before the Phase I Bid Deadline, (ii) the Qualified Bidder was not eliminated from the SISP in accordance with these SISP Procedures, and (iii) the bid complies with all of the following (a "**Qualified Investment Bid**"):

- (a) it is on substantially the same terms as the Qualified Non-Binding LOI submitted by such Qualified Bidder in Phase I of these SISP procedures and constitutes, in the reasonable business judgment of the Monitor and the Applicants, a Superior Offer;
- (b) it includes a duly authorized and executed term sheet describing the terms and conditions of the proposed transaction, including details regarding the proposed equity and debt

structure of the Applicants following completion of the proposed transaction (the “**Term Sheet**”);

- (c) it includes a letter stating that the Qualified Bidder’s offer is irrevocable until the earlier of (x) the selection of the Successful Bidder and (y) thirty (30) days following the Phase II Bid Deadline, provided that if such bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the investment by the Successful Bidder;
- (d) it includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate the proposed transaction, that will allow the Monitor to make a reasonable determination as to the Qualified Bidder’s financial and other capabilities to consummate the transaction contemplated by the bid;
- (e) it is not conditioned on (i) the outcome of unperformed due diligence by the Qualified Bidder and/or (ii) obtaining financing;
- (f) it fully discloses the identity of each entity that will be sponsoring or participating in the bid, and the complete terms of any such participation;
- (g) it includes an acknowledgement and representation that the Qualified Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents in making its bid; and (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the Applicants or the completeness of any information provided in connection therewith except as expressly stated in the Term Sheet;
- (h) it includes evidence, in form and substance reasonably satisfactory to the Monitor, of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the bid;
- (i) it is accompanied by a refundable deposit (the “**Good Faith Deposit**”) in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to 5% of the total investment contemplated by such Qualified Investment Bid, to be held and dealt with in accordance with these SISP Procedures;
- (j) it includes a representation that the Qualified Bidder is familiar with the Canadian and U.S. local and state-level cannabis regulations, meets the requisite qualifications to be a license holder thereunder, and are currently licensed or approved in one or more of the relevant states and includes evidence in form and substance reasonably satisfactory to the Monitor to support such representation; and
- (k) it contains other information reasonably requested by the Applicants, in consultation with the Monitor.

Qualified Purchase Bids and Qualified Investment Bids shall hereinafter be referred to as “**Qualified Bids**” and each, a “**Qualified Bid**”. For greater certainty, the Stalking Horse

Agreement shall be deemed to be a Qualified Bid. The Applicants and the Monitor may aggregate separate bids from unaffiliated Qualified Bidders to create one Qualified Bid.

If, at any point during Phase II, the Applicants and the Monitor collectively determine that a Successful Bid (as defined below) is not reasonably likely to be obtained by the Phase II Bid Deadline, or if no Qualified Bids are received on or before the Phase II Bid Deadline, the Applicants shall promptly take steps to complete the Transaction contemplated by the Stalking Horse Agreement and the Monitor shall notify each Qualified Bidder that submitted a bid that the SISP has been terminated.

Following the Phase II Bid Deadline, the Applicants and the Monitor will assess the bids received. The Monitor shall, exercising its reasonable business judgment, approve the Applicants' disqualification of any Bids that are deemed not to be Qualified Bids. Only Qualified Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).

Without limiting the foregoing, Qualified Bids, including any Subsequent Bids (as defined below), will be evaluated upon many factors, including, among other things, the:

- (a) Purchase Price;
- (b) identity, circumstances, and ability of the Qualified Bidder to successfully complete the Transaction;
- (c) proposed Transaction documents;
- (d) factors affecting the speed, certainty, and value of the Transaction;
- (e) assets included or excluded from the Qualified Bid;
- (f) claims that may be generated against GGB or its subsidiaries if the Transaction is completed on its terms; and
- (g) likelihood and timing of consummating such Transaction.

In the event that the Applicants determine that all bids received in Phase II are to be disqualified, but the Monitor, exercising its reasonable business judgment, does not approve the disqualification of all such bids, the Monitor shall advise the Court and seek advice and directions of the Court with respect to such Bids that the Monitor believes should be Qualified Bids. If as a result, the Court determines that any such bids are Qualified Bids, the SISP shall proceed to the Monitor's consideration of the same under the Auction Procedures (set out below). If, however, the Court determines that any such bids are not Qualified Bids, the Applicants shall promptly take steps to complete the Transaction contemplated by the Stalking Horse Agreement and the Monitor shall notify each Qualified Bidder that a submitted a bid that the SISP has been terminated.

Auction Procedures

If the Monitor determines, in its reasonable business judgment, that one or more of the Qualified Bids is a Superior Offer, the Monitor will conduct an auction (the "**Auction**") (which the

Applicants intend to transcribe) at 11:00 AM (Eastern Time) on [X], 2020 [by teleconference] or at such location as shall be timely communicated by the Monitor to all entities entitled to attend the Auction.

The Auction shall be conducted in accordance with the following procedures:

- (a) only the Applicants, the Stalking Horse Bidder, and any Qualified Bidders who submitted Qualified Bids that represent Superior Offers (such Qualified Bidders, “**Auction Bidders**”), in each case along with their representatives and advisors, shall be entitled to attend the Auction (such attendance to be in person);
- (b) only the Stalking Horse Bidder and Auction Bidders will be entitled to participate as bidders in, or make any subsequent bids at, the Auction; provided that all such Auction Bidders wishing to attend the Auction must have at least one individual representative with authority to bind such Auction Bidder attending the Auction in person;
- (c) each Auction Bidder shall be required to confirm that it has not engaged in any collusion with respect to any aspect of these SISP Procedures;
- (d) at least one (1) business day prior to the Auction, each Auction Bidder must inform the Monitor whether it intends to attend the Auction; provided that in the event an Auction Bidder elects not to attend the Auction, such Auction Bidder’s Qualified Bid shall, subject to the terms of the Stalking Horse Agreement, nevertheless remain fully enforceable against such Auction Bidder until (i) the date of the selection of the applicable Successful Bidder (as defined below) at the conclusion of the Auction, or (ii) if selected as the Successful Bidder, until three (3) months after the execution of the applicable Stalking Horse Agreement;
- (e) no later than one (1) day prior to the start of the Auction, the Monitor will provided copies of the Qualified Bid or Qualified Bids that the Monitor believes, in its discretion, is the highest or otherwise best offer for the Property or Applicants (the “**Starting Bid**”) to the Stalking Horse Bidder and all other Auction Bidders;
- (f) the Monitor, after consultation with its advisors, may employ and announce at the Auction additional procedural rules that are reasonable under the circumstances for conducting the Auction, provided that such rules are: (i) not inconsistent with these SISP procedures, the CCAA, any order of the Court; (ii) provide that bids be made and received on an open basis, with all material terms of each bid to be fully disclosed to the Stalking Horse Bidder and other Auction Bidders; and (iii) are disclosed to the Stalking Horse Bidder and Auction Bidders at the Auction;
- (g) bidding at the Auction will begin with the Starting Bids and continue in bidding increments (each, a “**Subsequent Bid**”) providing a net value to the Applicants of at least an additional [\$250,000] above the prior bid. After the first round of bidding and between each subsequent round of bidding, the Monitor shall announce the bid (including the identity of the bidder or bidders and the value of such bid) that they believe to be the highest or otherwise best offer (the “**Highest Bid**”);

- (h) a round of bidding will conclude after the Stalking Horse Bidder and Auction Bidders have had the opportunity to submit a Subsequent Bid with full knowledge of the then Highest Bid;
- (i) the Auction will end once a round of bidding concludes with no Subsequent Bid being submitted;
- (j) for the purposes of evaluating the value of the consideration provided by the Subsequent Bids (including any Subsequent Bid by the Stalking Horse Bidder), the Monitor will give effect (on a dollar for dollar basis) to any applicable Bid Protection Fees payable to the Stalking Horse Bidder, as well as any additional liabilities to be assumed by an Auction Bidder and any additional costs which may be imposed on the Applicants;
- (k) if the Stalking Horse Bidder bids at the Auction, it will be entitled to credit bid (on a dollar for dollar basis) the DIP Financing and any applicable Bid Protection Fees; and
- (l) the Auction may be adjourned as the Monitor deems appropriate; provided that reasonable notice of such adjournment and the time and place for the resumption of the Auction shall be given to the Stalking Horse Bidder and the Auction Bidders.

Following the conclusion of the Auction, the Monitor shall recommend to the Applicants that the Highest Bid, as established in the last round of the Auction, be selected and that a definitive agreement be negotiated and settled in respect of that Highest Bid, conditional upon Court approval and conditional on the Highest Bid closing within [30] days after the Phase II Bid Deadline, or such longer period as shall be agreed to by the Monitor and DIP Lender. In the event the Applicants do not wish to proceed with the Highest Bid, the Monitor shall so advise the Court and seek its advice and directions with respect to the SISP.

Once a definitive agreement has been negotiated and settled in respect of the Highest Bid, which has been selected by the Monitor or by Court Order (the “**Selected Superior Offer**”) in accordance with the provisions hereof, the Selected Superior Offer shall be the “**Successful Bid**” hereunder and the person(s) who made the Selected Superior Offer shall be the “**Successful Bidder**” hereunder. In the event the Selected Superior Offer is not the Stalking Horse Agreement (as amended pursuant to the outcome of the Auction), the Deposit paid by the Successful Bidder shall be applied first to pay the Bid Protection Fees to the Stalking Horse Bidder, with the remaining balance to be dealt with in accordance with the definitive documents for the Transaction contemplated by such Successful Bid.

Approval Motion

The hearing to authorize some or all of the Applicants to enter into agreements with respect to the Successful Bid (the “**Approval Motion**”) will be held on a date to be scheduled by the Court upon application by the Applicants. The Approval Motion may be adjourned or rescheduled by the Applicants with the consent of the DIP Lender, without further notice by an announcement of the adjourned date at the Approval Motion. All Qualified Bids (other than the Successful Bid) shall be deemed rejected on and as of the date of approval of the Successful Bid by the Court.

Deposits

All deposits shall be held by the Monitor in a single interest-bearing account designated solely for such purpose. A deposit paid by a Successful Bidder shall be dealt with in accordance with these SISP Procedures. Deposits, and any interest earned thereon, paid by Qualified Bidders not selected as a Successful Bidder, including any deposit paid by the Stalking Horse Bidder and interest earned thereon, shall be returned to such Qualified Bidders within three business days of Court approval of the Successful Bid.

Confidentiality and Access to Information

All discussions regarding a Transaction, Sale Proposal, Investment Proposal, Bid or Successful Bid should be directed through the Monitor. Under no circumstances should any members of management, employees, customers, suppliers, or other creditors of the Applicants be contacted by a Bidder directly without the prior consent of the Monitor. Any such unauthorized contact or communication could result in exclusion of the interested party from the SISP at the discretion of the Monitor.

Participants and prospective participants in the SISP shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Qualified Bidders, Bidders, Qualified Bids, the details of any Bids or Qualified Bids submitted or the details of any confidential discussions or correspondence between the Applicants, the Monitor and such other Bidders or Qualified Bidders in connection with the SISP, except to the extent that the Applicants and the Monitor, with the consent of the applicable participants, are seeking to combine separate Bids into a single Bid.

Notwithstanding the foregoing, under no circumstances will the Applicants or the Monitor share any material information concerning any of the Bids with any person.

Supervision of the SISP

The Monitor shall oversee, in all respects, the conduct of the SISP by the Applicants and, without limitation to that supervisory role, the Monitor will participate in the SISP in the manner set out in this SISP Procedure and is entitled to receive all information in relation to the SISP.

This SISP does not, and will not be interpreted to, create any contractual or other legal relationship between the Applicants, the Monitor and any Qualified Bidder or any other party, other than as specifically set forth in a definitive agreement that may be signed with the Applicants.

Without limiting the preceding paragraph, the Applicants and the Monitor shall not have any liability whatsoever to any person or party, including without limitation any Qualified Bidder, Bidder, the Successful Bidder, the Applicants, the DIP Lenders or any other creditor or other stakeholder of the Applicants, for any act or omission related to the process contemplated by this SISP Procedure, except to the extent such act or omission is the result of the gross negligence or wilful misconduct of the Monitor. By submitting a bid, each bidder or Successful Bidder shall be deemed to have agreed that it has no claim against the Monitor for any reason whatsoever, except to the extent that such claim is the result of the gross negligence of, or wilful misconduct by, the Monitor.

Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction.

Without prejudice to the rights of the Stalking Horse Bidder under the terms of the Stalking Horse Agreement, the Applicants and the Monitor shall have the right to modify the SISP (including, without limitation, pursuant to the Bid Process Letter) if, in their reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP; provided that the Service List in this CCAA Proceeding shall be advised of any substantive modification to the procedures set forth herein.

Schedule “A”

Address of the Monitor

To the Monitor

Ernst & Young Inc.
EY Tower, 100 Adelaide St. W.
Toronto, ON M5H 0B3

Attn.: [X]

Tel:

Email:

TAB 5

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.

)

WEDNESDAY, THE 20TH

JUSTICE MCEWEN

)

DAY OF MAY, 2020

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
GREEN GROWTH BRANDS INC., GGB CANADA INC., GREEN GROWTH BRANDS
REALTY LTD. AND XANTHIC BIOPHARMA LIMITED**

Applicants

INITIAL ORDER

THIS APPLICATION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") proceeded on this day by way of video-conference due to the COVID-19 crisis.

ON READING the affidavit of Raymond C. Whitaker III sworn May 18 2020 (the "**Whitaker Affidavit**") and the Exhibits thereto, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants, counsel for Ernst & Young Inc., in its capacity as the proposed Monitor of the Applicants ("**EY**"), and counsel for the DIP Lender (as defined below), and on reading the consent of EY to act as the Monitor of the Applicants,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies.

POSSESSION OF PROPERTY AND OPERATIONS

3. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the “**Business**”) and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

4. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to use the central cash management system currently in place as described in the Whitaker Affidavit (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

5. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by any of the Applicants to any of their

creditors as of this date, (b) to grant no security interests, trusts, liens, charges or encumbrances upon or in respect of any of their Property, and (c) to not grant credit or incur liabilities except in the ordinary course of Business.

6. **THIS COURT ORDERS** that, subject to the Definitive Documents (as hereinafter defined), and except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services;
- (b) all outstanding and future wages, salaries, employee benefits, vacation pay and employee expenses payable on or after the date of this Order, in each case incurred in the ordinary course of Business and consistent with existing compensation policies and arrangements;
- (c) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, whether incurred prior to, on or after the date of this Order, at their standard rates and charges; and
- (d) payment for goods or services actually supplied to the Applicants following the date of this Order.

7. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes;

- (b) all goods and services or other applicable sales taxes (collectively, “**Sales Taxes**”) required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

8. **THIS COURT ORDERS** that until and including May 29, 2020, or such later date as this Court may subsequently order (the “**Stay Period**”), no proceeding or enforcement process in or out of any court or tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of an Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

9. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (a) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section

11.1 of the CCAA, (c) prevent the filing of any registration to preserve or perfect a security interest, or (d) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

10. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

11. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

12. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

13. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

14. **THIS COURT ORDERS** that the Applicants shall indemnify their current and future directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any director or officer, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

15. **THIS COURT ORDERS** that the current and future directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$25,000, as security for the indemnity provided in paragraph 14 of this Order. The Directors' Charge shall have the priority set out in paragraphs 33 and 35 herein.

16. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 14 of this Order.

APPOINTMENT OF MONITOR

17. **THIS COURT ORDERS** that EY is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants

and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

18. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicants, to the extent required by the Applicants, in their dissemination to the DIP Lender (as hereinafter defined) and its counsel on a weekly basis of financial and other information as agreed to between the Applicants and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (d) advise the Applicants in their preparation of the Applicants' cash flow statements;
- (e) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;
- (f) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (g) perform such other duties as are required by this Order or by this Court from time to time.

19. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property or be deemed to take possession of the Property, pursuant to any provision of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing and distribution of cannabis or cannabis products including, without limitation, under the *Cannabis Act* S.C. 2018, c. 16, the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, the *Excise Tax Act*, the *Ontario Cannabis Control Act*, S.O. 2017, c. 26 Sched 1 or other such applicable federal or provincial legislation (collectively, the “**Cannabis Legislation**”) and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof, within the meaning of any Cannabis Legislation, or otherwise, and nothing in this Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

20. **THIS COURT ORDERS** that the Monitor shall provide any creditor of any of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

21. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

22. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on or subsequent to, the date of this Order, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants forthwith upon receipt of such accounts.

23. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

24. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$1,000,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 33 and 35 hereof.

DIP FINANCING

25. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from All Js Greenspace LLC (the "**DIP Lender**") in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed US\$1,000,000, unless permitted by further Order of this Court.

26. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the DIP Interim Financing Term Sheet Agreement between Green Growth Brands Inc. as borrower and the DIP Lender dated as of May 19, 2020 (the "**DIP Agreement**"), filed.

27. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), including such documents already granted to the DIP Lender, as are contemplated by the DIP Agreement or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Agreement and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

28. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lender’s Charge**”) on the Property which DIP Lender’s Charge shall not secure an obligation that exists before this Order is made. The DIP Lender’s Charge shall have the priority set out in paragraphs 33 and 35 hereof.

29. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender’s Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender’s Charge, the DIP Lender, upon five business days notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the DIP Agreement, Definitive Documents and the DIP Lender’s Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicants to the DIP Lender under the DIP Agreement, the Definitive Documents or the DIP Lender’s Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

30. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by an Applicant under the *Bankruptcy and Insolvency Act* of Canada (the “**BIA**”), with respect to any advances made under the Definitive Documents.

31. **THIS COURT ORDERS AND DECLARES** that this Order is subject to provisional execution and that if any of the provisions of this Order in connection with the DIP Agreement or DIP Lender's Charge shall subsequently be stayed, modified, varied, amended, reversed or vacated in whole or in part (collectively a "**Variation**") whether by subsequent Order of this Court or pending an appeal from this Order, such Variation shall not in any way impair, limit or lessen the protections, rights or remedies of the DIP Lender, whether under this Order (as made prior to the Variation) or under any of the documentation delivered pursuant hereto, with respect to any advances made prior to the DIP Lender being given notice of the Variation.

32. **THIS COURT ORDERS** that Green Growth Brands Inc. ("**GGB**"), in consummating the transactions contemplated by the DIP Agreement, which is a "related party transaction" for purposes of Multilateral Instrument 61-101- *Protection of Minority Security Holders In Special Transactions* ("**MI 61-101**") and subject to a court order under applicable bankruptcy or insolvency laws, is not required to comply with the minority approval requirements under Section 5.6 of MI 61-101.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

33. **THIS COURT ORDERS** that the priorities of the Administration Charge, the Directors' Charge and the DIP Lenders' Charge, as among them, shall be as follows:

First - Administration Charge (to the maximum amount of \$1,000,000);

Second - Directors' Charge (to the maximum amount of \$25,000); and

Third- the DIP Lender's Charge (to the maximum amount of US\$1,000,000).

34. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge, the Directors' Charge or the DIP Lender's Charge (collectively, the "**Charges**") shall not be required, and the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

35. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens,

charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person; provided that the DIP Lender’s Charge shall rank behind the security granted by GGB with respect to the GAOC Note.

36. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtain the prior written consent of the Monitor and the beneficiaries of the Charges, or further Order of this Court.

37. **THIS COURT ORDERS** that the Charges, the DIP Agreement and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “**Chargees**”) and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall create or be deemed to constitute a breach by the Applicants of any Agreement to which any of them are a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicants pursuant to this Order, the DIP Agreement or the Definitive Documents, and the granting of the Charges, do not and will not

constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

RELIEF FROM REPORTING OBLIGATIONS

38. **THIS COURT ORDERS** that none of the directors, officers, employees or other representatives of the Applicants, nor the Monitor (and its directors, officers, employees or representatives) shall have any personal liability for failure of the Applicants to file annual information forms, annual and quarterly management discussion and analysis, annual and quarterly financial statements (including related audits, reports and certifications) or other information required by any federal, provincial or other law respect securities or capital markets in Canada or the United States during the Stay Period, which period may be extended pursuant to further Order of the Court.

SERVICE AND NOTICE

39. **THIS COURT ORDERS** that the Monitor shall (a) without delay, publish in the *Globe & Mail* a notice containing the information prescribed under the CCAA, (b) within five days after the date of this Order, (i) make this Order publicly available in the manner prescribed under the CCAA, (ii) send, in the prescribed manner, or by electronic message to the email address as last shown on the records of the Applicants, notice to every known creditor who has a claim against the Applicants of more than \$1,000, and (iii) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

40. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further

orders that a Case Website shall be established in accordance with the Protocol with the following URL <[http:// using www.ey.com/ca/GGBI](http://usingwww.ey.com/ca/GGBI)>.

41. **THIS COURT ORDERS** that the Applicants and the Monitor and their respective counsel are at liberty to serve or distribute this Order, and other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicants' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

42. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their powers and duties under this Order or in the interpretation or application of this Order.

43. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

44. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

45. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the

terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

46. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

47. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF GREEN GROWTH BRANDS INC., GGB CANADA INC., GREEN GROWTH BRANDS REALTY LTD. AND XANTHIC BIOPHARMA LIMITED

Court File No.: CV-

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**
Proceeding commenced at Toronto

INITIAL ORDER

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Lawyers for the Applicants

TAB 6

Court File No. — CV-

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE — MR.) ~~WEEKDAY~~ WEDNESDAY, THE # 20TH
JUSTICE — MCEWEN) DAY OF ~~MONTH~~ MAY, ~~20YR~~ 2020

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
~~[APPLICANT'S NAME] (the "Applicant")~~ GREEN GROWTH BRANDS INC., GGB
CANADA INC., GREEN GROWTH BRANDS REALTY LTD. AND XANTHIC
BIOPHARMA LIMITED

Applicants

INITIAL ORDER

THIS APPLICATION, made by the ~~Applicant~~ Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") ~~was heard this day at 330 University Avenue, Toronto, Ontario~~ proceeded on this day by way of video-conference due to the COVID-19 crisis.

ON READING the affidavit of ~~[NAME] sworn [DATE]~~ Raymond C. Whitaker III sworn May 18 2020 (the "Whitaker Affidavit") and the Exhibits thereto, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for ~~[NAMES], no one appearing for~~

~~[NAME]¹ although duly served as appears from the affidavit of service of [NAME] sworn [DATE] the Applicants, counsel for Ernst & Young Inc., in its capacity as the proposed Monitor of the Applicants ("EY"), and counsel for the DIP Lender (as defined below), and on reading the consent of [MONITOR'S NAME] EY to act as the Monitor of the Applicants,~~

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated² so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the ~~Applicant is a company~~ Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

~~3. THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").~~

POSSESSION OF PROPERTY AND OPERATIONS

~~4.~~ **THIS COURT ORDERS** that the ~~Applicant~~ Applicants shall remain in possession and control of ~~its~~ their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the ~~Applicant~~ Applicants shall continue to carry on

¹ Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).

² If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.

business in a manner consistent with the preservation of ~~its~~-their business (the “**Business**”) and Property. The ~~Applicant is~~-Applicants are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by ~~it~~them, with liberty to retain such further Assistants as ~~it deems~~-they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

4. ~~5.~~**[THIS COURT ORDERS** that the ~~Applicant~~-Applicants shall be entitled to continue to ~~utilize~~-use the central cash management system³ currently in place as described in the Whitaker Affidavit ~~of [NAME] sworn [DATE] or replace it with another substantially similar central cash management system~~-(the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the ~~Applicant~~-Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the ~~Applicant~~Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.}]

5. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by any of the Applicants to any of their creditors as of this date, (b) to grant no security interests, trusts, liens, charges or encumbrances upon or in respect of any of their Property, and (c) to not grant credit or incur liabilities except in the ordinary course of Business.

³~~This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross-border and inter-company transfers of cash.~~

~~6. THIS COURT ORDERS that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:~~

- ~~(a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and~~
- ~~(b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.~~

~~6.~~ 7. THIS COURT ORDERS that, subject to the Definitive Documents (as hereinafter defined), and except as otherwise provided to the contrary herein, the ~~Applicant~~ Applicants shall be entitled but not required to pay all reasonable expenses incurred by the ~~Applicant~~ Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; ~~and~~
- (b) all outstanding and future wages, salaries, employee benefits, vacation pay and employee expenses payable on or after the date of this Order, in each case incurred in the ordinary course of Business and consistent with existing compensation policies and arrangements;
- (c) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, whether incurred prior to, on or after the date of this Order, at their standard rates and charges; and
- (d) (b) payment for goods or services actually supplied to the Applicant-Applicants following the date of this Order.

7. ~~8.~~ **THIS COURT ORDERS** that the ~~Applicant~~ Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) ~~Quebec Pension Plan, and (iv)~~ income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the ~~Applicant~~ Applicants in connection with the sale of goods and services by the ~~Applicant~~ Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the ~~Applicant~~ Applicants.

~~9. — THIS COURT ORDERS that until a real property lease is disclaimed [or resiliated]⁴ in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time ("Rent"), for the period~~

⁴ ~~The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

~~commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.~~

~~10. THIS COURT ORDERS that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.~~

RESTRUCTURING

~~11. THIS COURT ORDERS that the Applicant shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:~~

- ~~(a) — permanently or temporarily cease, downsize or shut down any of its business or operations, [and to dispose of redundant or non-material assets not exceeding \$● in any one transaction or \$● in the aggregate]⁵~~
- ~~(b) — [terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate]; and~~
- ~~(c) — pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,~~

⁵Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the "Restructuring").

12. ~~THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims [or resiliates] the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer [or resiliation] of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.~~

13. ~~THIS COURT ORDERS that if a notice of disclaimer [or resiliation] is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer [or resiliation], the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer [or resiliation], the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.~~

~~NO PROCEEDINGS AGAINST THE APPLICANT~~ APPLICANTS OR THE PROPERTY

8. ~~14.~~ **THIS COURT ORDERS** that until and including ~~[DATE—MAX. 30 DAYS]~~ May 29, 2020, or such later date as this Court may subsequently order (the “Stay Period”), no proceeding or enforcement process in or out of any court or tribunal (each, a “Proceeding”) shall be commenced or continued against or in respect of the ~~Applicant~~ Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the ~~Applicant~~ Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of ~~the-an~~ Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

9. ~~15.~~ **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “Persons” and each being a “Person”) against or in respect of the ~~Applicant~~ Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the ~~Applicant~~ Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (ia) empower the ~~Applicant~~ Applicants to carry on any business which the ~~Applicant is~~ Applicants are not lawfully entitled to carry on, (ib) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (ic) prevent the filing of any registration to preserve or perfect a security interest, or (id) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

10. ~~16.~~ **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the ~~Applicant~~ Applicants except with the written consent of the ~~Applicant~~ Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

11. ~~17.~~ **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the ~~Applicant~~ Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the ~~Applicant~~ Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the ~~Applicant~~ Applicants, and that the ~~Applicant~~ Applicants shall be entitled to the continued use of ~~its~~ their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the ~~Applicant~~ Applicants in accordance with normal payment practices of the ~~Applicant~~ Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the ~~Applicant~~ Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

12. ~~18.~~ **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the ~~Applicant~~ Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.⁶

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

13. ~~19.~~ **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any

⁶ ~~This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

of the former, current or future directors or officers of the ~~Applicant~~ Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the ~~Applicant~~ Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the ~~Applicant~~ Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the ~~Applicant~~ Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

14. ~~20.~~ THIS COURT ORDERS that the ~~Applicant~~ Applicants shall indemnify ~~its~~ their current and future directors and officers against obligations and liabilities that they may incur as directors or officers of the ~~Applicant~~ Applicants after the commencement of the within proceedings,⁷ except to the extent that, with respect to any ~~officer or~~ director or officer, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

15. ~~21.~~ THIS COURT ORDERS that the current and future directors and officers of the ~~Applicant~~ Applicants shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge")⁸ on the Property, which charge shall not exceed an aggregate amount of \$●25,000, as security for the indemnity provided in paragraph ~~[20]~~ 14 of this Order. The Directors' Charge shall have the priority set out in paragraphs ~~[38]~~ 33 and ~~[40]~~ 35 herein.

16. ~~22.~~ THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the ~~Applicant's~~ Applicants' directors and officers shall

⁷ ~~The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.~~

⁸ ~~Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.~~

only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph ~~[20]~~ 14 of this Order.

APPOINTMENT OF MONITOR

17. ~~23.~~ THIS COURT ORDERS that ~~[MONITOR'S NAME]~~ EY is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the ~~Applicant~~ Applicants with the powers and obligations set out in the CCAA or set forth herein and that the ~~Applicant~~ Applicants and ~~its~~ their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the ~~Applicant~~ Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

18. ~~24.~~ THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the ~~Applicant's~~ Applicants' receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the ~~Applicant~~ Applicants, to the extent required by the ~~Applicant~~ Applicants, in ~~its~~ their dissemination, ~~to the DIP Lender~~ (as hereinafter defined) and its counsel on a ~~[TIME INTERVAL]~~ weekly basis of financial and other information as agreed to between the ~~Applicant~~ Applicants and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (d) advise the ~~Applicant in its~~ Applicants in their preparation of the ~~Applicant's~~ Applicants' cash flow statements ~~and reporting required by the DIP Lender,~~ ~~which information shall be reviewed with the Monitor and delivered to the~~

- ~~DIP Lender and its counsel on a periodic basis, but not less than [TIME INTERVAL], or as otherwise agreed to by the DIP Lender;~~
- ~~(e) — advise the Applicant in its development of the Plan and any amendments to the Plan;~~
- ~~(f) — assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;~~
- (e) ~~(g)~~ have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the ~~Applicant~~ Applicants, to the extent that is necessary to adequately assess the ~~Applicant's~~ Applicants' business and financial affairs or to perform its duties arising under this Order;
- (f) ~~(h)~~ be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (g) ~~(i)~~ perform such other duties as are required by this Order or by this Court from time to time.

19. ~~25.~~ **THIS COURT ORDERS** that the Monitor shall not take possession of the Property or be deemed to take possession of the Property, pursuant to any provision of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing and distribution of cannabis or cannabis products including, without limitation, under the Cannabis Act S.C. 2018, c. 16, the Controlled Drugs and Substances Act, S.C. 1996, c. 19, the Excise Tax Act, the Ontario Cannabis Control Act, S.O. 2017, c. 26 Sched 1 or other such applicable federal or provincial legislation (collectively, the “Cannabis Legislation”) and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof, within the meaning of any

Cannabis Legislation, or otherwise, and nothing in this Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

~~26. — THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the Canadian Environmental Protection Act, the Ontario Environmental Protection Act, the Ontario Water Resources Act, or the Ontario Occupational Health and Safety Act and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.~~

20. ~~27. THIS COURT ORDERS that~~ THIS COURT ORDERS that the Monitor shall provide any creditor of ~~the Applicant and the DIP Lender~~ any of the Applicants with information provided by the ~~Applicant~~ Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the ~~Applicant~~ Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the ~~Applicant~~ Applicants may agree.

21. ~~28.~~ THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

22. ~~29.~~ THIS COURT ORDERS that the Monitor, counsel to the Monitor, ~~and~~ counsel to the ~~Applicant~~ Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, ~~by the Applicant whether incurred prior to, on or subsequent to, the date of this Order, by the Applicants~~ as part of the costs of these proceedings. The ~~Applicant is~~ Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the ~~Applicant on a [TIME INTERVAL] basis and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers in the amount[s] of \$● [, respectively,] to be held by them as security for payment of their respective fees and disbursements outstanding from time to time~~ Applicants forthwith upon receipt of such accounts.

23. ~~30.~~ THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

24. ~~31.~~ THIS COURT ORDERS that the Monitor, counsel to the Monitor, ~~if any,~~ and the ~~Applicant's~~ Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$● 1,000,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs ~~[38]~~ 33 and ~~[40]~~ 35 hereof.

DIP FINANCING

25. ~~32.~~ THIS COURT ORDERS that the ~~Applicant is~~ Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from ~~[DIP LENDER'S NAME]~~ All Js Greenspace LLC (the "DIP Lender") in order to finance the ~~Applicant's~~ Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed ~~\$●~~ US\$1,000,000, unless permitted by further Order of this Court.

26. ~~33.~~ THIS COURT ORDERS ~~THAT~~ that such credit facility shall be on the terms and subject to the conditions set forth in the ~~commitment letter between the Applicant~~ DIP Interim Financing Term Sheet Agreement between Green Growth Brands Inc. as borrower and the DIP Lender dated as of ~~[DATE]~~ May ●, 2020 (the "~~Commitment Letter~~ DIP Agreement"), filed.

27. ~~34.~~ THIS COURT ORDERS that the ~~Applicant is~~ Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), including such documents already granted to the DIP Lender, as are contemplated by the ~~Commitment Letter~~ DIP Agreement or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the ~~Applicant is~~ Applicants are hereby authorized and directed to pay and perform all of ~~its~~ their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the ~~Commitment Letter~~ DIP Agreement and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

28. ~~35.~~ THIS COURT ORDERS that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "DIP Lender's Charge") on the Property~~7~~, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs ~~[38]~~ 33 and ~~[40]~~ 35 hereof.

29. ~~36.~~ THIS COURT ORDERS that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon ~~●~~ five business days notice to the ~~Applicant~~ Applicants and the Monitor, may exercise any and all of its rights and remedies against the ~~Applicant~~ Applicants or the Property under or pursuant to the ~~Commitment Letter~~ DIP Agreement, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the ~~Applicant~~ Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the ~~Applicant~~ Applicants against the obligations of the ~~Applicant~~ Applicants to the DIP Lender under the ~~Commitment Letter~~ DIP Agreement, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the ~~Applicant~~ Applicants and for the appointment of a trustee in bankruptcy of the ~~Applicant~~ Applicants; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the ~~Applicant~~ Applicants or the Property.

30. ~~37.~~ **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the ~~Applicant~~ Applicants under the CCAA, or any proposal filed by ~~the~~ an Applicant under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.

31. **THIS COURT ORDERS AND DECLARES** that this Order is subject to provisional execution and that if any of the provisions of this Order in connection with the DIP Agreement or DIP Lender's Charge shall subsequently be stayed, modified, varied, amended, reversed or vacated in whole or in part (collectively a "Variation") whether by subsequent Order of this

Court or pending an appeal from this Order, such Variation shall not in any way impair, limit or lessen the protections, rights or remedies of the DIP Lender, whether under this Order (as made prior to the Variation) or under any of the documentation delivered pursuant hereto, with respect to any advances made prior to the DIP Lender being given notice of the Variation.

32. THIS COURT ORDERS that Green Growth Brands Inc. ("GGB"), in consummating the transactions contemplated by the DIP Agreement, which is a "related party transaction" for purposes of Multilateral Instrument 61-101- *Protection of Minority Security Holders In Special Transactions* ("MI 61-101") and subject to a court order under applicable bankruptcy or insolvency laws, is not required to comply with the minority approval requirements under Section 5.6 of MI 61-101.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

33. ~~38.~~THIS COURT ORDERS that the priorities of the ~~Directors' Charge, the~~ Administration Charge~~, the Directors' Charge~~ and the DIP ~~Lender's-Lenders'~~ Charge, as among them, shall be as follows⁹:

First – Administration Charge (to the maximum amount of \$~~●~~1,000,000);

~~Second – DIP Lender's Charge; and~~

~~Third~~Second – Directors' Charge (to the maximum amount of \$~~●~~25,000); and

Third- the DIP Lender's Charge (to the maximum amount of US\$1,000,000).

34. ~~39.~~THIS COURT ORDERS that the filing, registration or perfection of the ~~Directors' Charge, the~~ Administration Charge, the Directors' Charge or the DIP Lender's Charge (collectively, the "Charges") shall not be required, and ~~that~~ the Charges shall be valid and

⁹~~The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.~~

enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

35. ~~40.~~ THIS COURT ORDERS that each of the ~~Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein)~~ Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person; provided that the DIP Lender's Charge shall rank behind the security granted by GGB with respect to the GAOC Note.

36. ~~41.~~ THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the ~~Applicant~~ Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge~~ Charges, unless the ~~Applicant~~ Applicants also ~~obtains~~ obtain the prior written consent of the Monitor, ~~the DIP Lender~~ and the beneficiaries of the ~~Directors' Charge and the Administration Charge~~ Charges, or further Order of this Court.

37. ~~42.~~ THIS COURT ORDERS that the ~~Directors' Charge, the Administration Charge, the Commitment Letter, Charges, the DIP Agreement and~~ the Definitive Documents ~~and the DIP Lender's Charge~~ shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents,

lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the ~~Applicant~~Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall create or be deemed to constitute a breach by the ~~Applicant~~Applicants of any Agreement to which ~~it is~~any of them are a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the ~~Applicant entering into the Commitment Letter, the~~ creation of the Charges, ~~or~~ the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the ~~Applicant~~Applicants pursuant to this Order, the ~~Commitment Letter~~DIP Agreement or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

~~43. — THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicant's interest in such real property leases.~~

RELIEF FROM REPORTING OBLIGATIONS

38. THIS COURT ORDERS that none of the directors, officers, employees or other representatives of the Applicants, nor the Monitor (and its directors, officers, employees or representatives) shall have any personal liability for failure of the Applicants to file annual information forms, annual and quarterly management discussion and analysis, annual and quarterly financial statements (including related audits, reports and certifications) or other information required by any federal, provincial or other law respect securities or capital markets in Canada or the United States during the Stay Period, which period may be extended pursuant to further Order of the Court.

SERVICE AND NOTICE

39. ~~44.~~ THIS COURT ORDERS that the Monitor shall (~~ia~~) without delay, publish in ~~[newspapers specified by the Court]~~ the Globe & Mail a notice containing the information prescribed under the CCAA, (~~ib~~) within five days after the date of this Order, (~~Ai~~) make this Order publicly available in the manner prescribed under the CCAA, (~~Bii~~) send, in the prescribed manner, ~~a or by electronic message to the email address as last shown on the records of the Applicant~~ notice to every known creditor who has a claim against the Applicant Applicants of more than ~~\$1000~~ 1,000, and (~~Ciii~~) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

40. ~~45.~~ THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at ~~http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/~~ http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL ~~'<@>'~~ <http:// using www.ey.com/ca/GGBI>.

41. ~~46.~~ THIS COURT ORDERS that ~~if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant~~ the Applicants and the Monitor and their respective counsel are at liberty to serve or distribute this Order, ~~any and~~ other materials and orders as may be reasonably required in these proceedings, including any notices ~~or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicant's~~ electronic message to the Applicants' creditors or other interested parties ~~at their respective addresses~~

~~as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing~~ and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

42. ~~47.~~ THIS COURT ORDERS that the ~~Applicant~~ Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of ~~its~~ their powers and duties ~~hereunder~~ under this Order or in the interpretation or application of this Order.

43. ~~48.~~ THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the ~~Applicant~~ Applicants, the Business or the Property.

44. ~~49.~~ THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, ~~to~~ to give effect to this Order and to assist the ~~Applicant~~ Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the ~~Applicant~~ Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the ~~Applicant~~ Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

45. ~~50.~~ THIS COURT ORDERS that each of the ~~Applicant~~ Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act

as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

46. ~~51.~~ **THIS COURT ORDERS** that any interested party (including the ~~Applicant~~ Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

47. ~~52.~~ **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF GREEN GROWTH BRANDS INC., GGB CANADA INC., GREEN GROWTH BRANDS REALTY LTD. AND XANTHIC BIOPHARMA LIMITED

Court File No.: CV-

Double Click on mouse to Add space for Third Party

Double Click on mouse to Add more space to parties line

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

INITIAL ORDER

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Summary Report	
Title	compareDocs Comparison Results
Date & Time	5/19/2020 3:56:19 PM
Comparison Time	3.08 seconds
compareDocs version	v4.3.601.12

Sources	
Original Document	Model Initial Order.doc
Modified Document	[#111821375] [v5] GGB - CCAA Initial Order.doc

Comparison Statistics	
Insertions	59
Deletions	50
Changes	212
Moves	30
Font Changes	0
Paragraph Style Changes	0
Character Style Changes	0
TOTAL CHANGES	351

Word Rendering Set Markup Options	
Name	Office 2016
<u>Insertions</u>	
Deletions	
<u>Moves / Moves</u>	
Font Changes	
Paragraph Style Changes	
Character Style Changes	
Inserted cells	
Deleted cells	
Merged cells	
Changed lines	Mark left border.
Comments color	By Author.
Balloons	False

compareDocs Settings Used	Category	Option Selected
Open Comparison Report after saving	General	Always
Report Type	Word	TrackChanges
Character Level	Word	False
Include Headers / Footers	Word	True
Include Footnotes / Endnotes	Word	True
Include List Numbers	Word	True
Include Tables	Word	True
Include Field Codes	Word	True
Include Moves	Word	True
Flatten Field Codes	Word	True
Show Track Changes Toolbar	Word	True
Show Reviewing Pane	Word	True
Update Automatic Links at Open	Word	[Yes / No]
Summary Report	Word	End
Detail Report	Word	Separate (View Only)
Document View	Word	Print
Remove Personal Information	Word	False

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF GREEN GROWTH BRANDS INC.,
GGB CANADA INC., GREEN GROWTH BRANDS REALTY LTD. AND XANTHIC BIOPHARMA LIMITED

Court File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

APPLICATION RECORD

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