

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
CANNAPIECE GROUP INC., CANNAPIECE CORP., CANADIAN CRAFT GROWERS
CORP., 2666222 ONTARIO LTD., 2580385 ONTARIO INC. AND 2669673 ONTARIO
INC.

Applicants

APPLICATION RECORD
(RETURNABLE NOVEMBER 3, 2022)

November 2, 2022

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(As of November 2, 2022)

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Court File No.: CV-22-00689631-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE – COMMERCIAL LIST

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INC.

Applicants

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Court File No.:

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ONTARIO INC.

Applicants

NOTICE OF APPLICATION

TO THE RESPONDENT:

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

THIS APPLICATION will come on for a hearing

In person

By telephone conference

By video conference

at the following location:

[Zoom link to be uploaded on Caselines.](#)

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 applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, 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 applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, 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: November 2, 2022

Issued by **Rachel**  Digitally signed by Rachel
Date: 2022.11.02 14:15:40
-04'00'

Local registrar

Address of ~~40th Fl. 303 University Ave~~
court office ~~Toronto, Ontario M5G 1E6~~

TO: SERVICE LIST ATTACHED

Address of: 330 University Ave
9th floor Toronto Ontario M5G 1R7

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APPLICATION

1. CannaPiece Group Inc. (“**CPG**”), CannaPiece Corp. (“**CPC**”), Canadian Craft Growers Corp. (“**CCG**”), 2580385 Ontario Inc. (“**258**”), 2666222 Ontario Inc. (“**222**”) and 2669673 Ontario Inc. (“**673**”), together (the “**Applicants**” or the “**Company**”) make application for an order, substantially in the form attached at Tab “3” of this Application Record (“**Initial Order**”):

- (a) abridging the time for and validating service of this notice of application and application record and dispensing with service on any person other than those served;
- (b) declaring each of the Applicants to be a company to which the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (“**CCAA**”), applies;
- (c) authorizing the Applicants to carry on business in a manner consistent with the preservation of their business and property;
- (d) appointing BDO Canada Limited (“**BDO**”) as monitor of the Applicants with the rights and duties set out in the CCAA and the Initial Order (“**Proposed Monitor**”, and if appointed, the “**Monitor**”);
- (e) approving a debtor-in-possession (“**DIP**”) Term Sheet (“**DIP Term Sheet**”), approving a DIP loan (“**DIP Loan**”) and the authority to borrow up to \$500,000;

- (f) staying for an initial period of not more than ten (10) days, all proceedings, rights and remedies taken or that might be taken in respect of the Applicants, including their respective businesses and property, their directors and officers, and the Monitor (“**Stay of Proceedings**”);
- (g) authorizing the Applicants to pay the reasonable fees and disbursements of the Monitor and its counsel and the Applicants’ counsel;
- (h) granting the following charges over the Applicants’ property (collectively, the “**Priority Charges**”):
 - (i) an Administration Charge in favour of counsel to the Applicants, the Monitor, and counsel to the Monitor (collectively, the “**Professional Group**”) to secure payment of their professional fees and disbursements to a maximum amount of \$250,000 (“**Administration Charge**”); and
 - (ii) a DIP Lender’s Charge to a maximum amount of \$500,000.
- (i) scheduling a comeback hearing on November 10, 2022 (“**Comeback Hearing**”) to seek an amended and restated Initial Order (“**Amended and Restated Initial Order**”), including but not limited to the following relief:
 - (i) an extension of the Stay of Proceedings;
 - (ii) an increase in the amount of the Administration Charge;

- (iii) approval to make payments to certain critical suppliers for pre-filing expenses or to honour cheques issued to providers of goods and services prior to the Initial Order, with the consent of the Monitor, which are necessary to facilitate the Applicants' ongoing operations and preserve value during the CCAA proceedings; and
- (iv) approval of a sale and investment solicitation process, which will include a stalking horse bid component.

2. The grounds for the application are:

- (a) CannaPiece Group, through its operating company CPC, is a leading Canadian cannabis contract manufacturer, providing extraction, processing, and packaging services for its customers who include large and industry leading participants.
- (b) The Applicants do not grow any flower, nor do they have any retail operations. CPC is strictly a business-to-business company.
- (c) The business operates out of a large state of the art cannabis production facility located in Pickering, Ontario. The Company uses advanced technologies to process and create cannabis products, as well as for the packaging of cannabis products.
- (d) CPG is the top-level holding company that wholly-owns CPC, CCG and 266.

- (e) CPC holds the necessary cannabis licenses and operates the cannabis manufacturing and production business.
- (f) CCG was incorporated to assist CPG in the development of a cannabis micro-cultivation facility in Bowmanville, Ontario.
- (g) 222 is a wholly owned CPG subsidiary. The business of 222 and its subsidiary, 2580385 Ontario Inc. (“**258**”) are inactive and they do not have any assets. However, 222 and 258 are subject to certain residual creditor claims.
- (h) 673 is a wholly owned CPG subsidiary. The business of 673 is inactive and it does not have any assets. However, 673 is subject to certain residual creditor claims.

Urgent Need for Relief

- (i) The Applicants are insolvent, face an imminent liquidity crisis, and are in urgent need of relief under the CCAA. The Applicants have sufficient cash to sustain their operations for the week ending November 13, 2022, but will have insufficient funds thereafter without the ability to access the DIP Loan.
- (j) In the past year, the Applicants have suffered losses due to, among other things: (i) substantial capital investments made by the Company to meet capacity requirements of customer contracts that never fully materialized; (ii) a steep decline in the value of most publicly-traded cannabis

companies in Canada, which form the basis of the Company's client base;
(iii) intense competition and an over-supply of cannabis products leading to significant price compression; and (iv) the low market demand for cannabis products at the retail level, partially as a result of the illicit market for cannabis, causing a decline in orders from licensed processors.

- (k) The Company's management team has made determined efforts to address the financial challenges including, among other things, significantly reducing temporary staff, maximizing automation to more efficiently address manufacturing demands, increasing the efficiency of full-time production staff, making efforts to expand service offerings to existing customers, and retaining external consultants to assist in identifying opportunities to improve liquidity. These efforts, although effective to a point, have been insufficient to completely address the challenges facing the Applicants.

CCAA Applies

- (l) The Applicants are "debtor companies" to which the CCAA applies being Ontario corporations with their registered head offices in Ontario.
- (m) The current and contingent claims against the Applicants exceed \$5 million and the Applicants are insolvent.

Objective of the CCAA Proceeding

- (n) In consultation with their advisors, including the Proposed Monitor, the Applicants have determined that the CCAA process is the most beneficial way to maximize value for the CannaPiece Group's stakeholders.
- (o) The stay of proceedings and the other relief set out in the Initial Order will provide breathing space to permit the Applicants to, among other things:
 - (i) continue operations in the ordinary course of business;
 - (ii) stabilize operations and protect the business;
 - (iii) manage liquidity issues;
 - (iv) prevent enforcement action by creditors; and
 - (v) identify and conclude a transaction with a potential purchaser or investor.
- (p) Absent the protection of the CCAA proceedings, the Applicants will not be able to continue operating.
- (q) An order under the CCAA is required to preserve the value of the Applicants' business for the benefit of the Company's stakeholders.

DIP Loan Urgently Needed

- (r) The Company's cash position is critically low and financing is required to fund operations and restructuring costs during the initial 10-day stay of proceedings.
- (s) Unless the DIP Loan is approved and the DIP Lender's Charge is granted, the Applicants will likely cease operating and payroll obligations will not be met.
- (t) Under the DIP Term Sheet, if approved, the DIP Lender will provide an initial advance under the DIP Loan of \$500,000 to the Applicants.
- (u) The amount of the initial advance under the proposed DIP Loan is the amount estimated to be required to allow the Applicants to continue operations in the ordinary course during the initial 10-day stay of proceedings, including the payment of all pre-filing professional fees.
- (v) The proposed DIP Loan is conditional upon court approval of the DIP Loan and granting of the DIP Lender's Charge, which is proposed to have a second-ranking priority against the Applicants' property, subject only to the Administration Charge.

Stay of Proceedings

- (w) The Company requires a stay of proceedings to allow it to maintain the status quo and continue to operate its business while it pursues court

approval for a sale process with a view to preserving and maximizing value.

- (x) It is necessary and in the best interests of the Company and its stakeholders that the Applicants be afforded the “breathing space” provided by the CCAA while they pursue a sales process for the benefit of their creditors and other stakeholders.

Administration Charge

- (y) The Company is seeking the Administration Charge to secure the fees and disbursements of the Professional Group incurred in connection with services rendered to the Applicants both before and after the commencement of these CCAA proceedings.
- (z) The granting of the Administration Charge is appropriate in the circumstances and will facilitate the active involvement of the beneficiaries of the charges during the CCAA proceedings.
- (aa) The Administration Charge sought is for the maximum amount of \$250,000 and is proposed to have a first-ranking priority against the Applicants' property.

Sales Process

- (bb) The Applicants intend to seek approval of a sale and investment solicitation process (“**Sale Process**”) at the Comeback Hearing. The

Applicants and the DIP Lender are in the process of negotiating a purchase agreement pursuant to which the DIP Lender will, subject to court approval, act as a stalking horse bidder in the Sale Process.

- (cc) The purchase agreement with the proposed stalking horse bidder will serve as a baseline for any bids received in the Sale Process to be measured. In the meantime, it will also signal to the Applicants' customers, employees and other stakeholders that business will continue as a going concern after these CCAA proceedings.
- (dd) It is critical to the preservation of stakeholder value that going concern operations be preserved.
- (ee) The proposed Sale Process will identify the best opportunities in the circumstances for maximizing value for the Applicants' stakeholders.

Other Grounds

- (ff) The provisions of the CCAA, including sections 9(1), 11, 11.02(1), 11.2, 11.03, 11.51, 11.52, and 11.7, and the statutory, inherent and equitable jurisdiction of this Court;
- (gg) Rules 1.04, 1.05, 2.01, 2.03, 3.02, 14, 16, and 38 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended,
- (hh) Section 106 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended; and

- (ii) Such further and other grounds as counsel may advise and this Honourable Court may permit;

3. The following documentary evidence will be used at the hearing of the application:

- (a) the Affidavit of Afshin Souzankar sworn November 2nd, 2022 and the exhibits attached thereto;
- (b) the consent of BDO to act as Monitor in the CCAA proceedings;
- (c) the pre-filing report of the Proposed Monitor, to be filed;
- (d) such further and other evidence as counsel may advise and this Court may permit.

November 2, 2022

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SUPERIOR COURT OF JUSTICE -
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Proceeding commenced at TORONTO

**NOTICE OF APPLICATION
(RETURNABLE NOVEMBER 3, 2022)**

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Lawyers for the Applicants

TAB 2

Court File No.: CV-22-00689631-00CL

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Applicants

AFFIDAVIT OF AFSHIN SOUZANKAR

(Sworn November 2, 2022)

I, Afshin Souzankar of the City of Thornhill, in the Regional Municipality of York,
in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

I. OVERVIEW

1. I am the President and Chief Executive Officer of the applicant, CannaPiece Group Inc. ("**CPG**" or "**CannaPiece Group**") as well as a member of the board of directors, having served initially as Managing Partner – Strategic Planning when I co-founded the Company in 2018, and as President and Chief Executive Officer since August of 2020.

2. I am also the Chief Executive Officer and a member of the board of directors of the Company's wholly-owned subsidiaries CannaPiece Corp. ("**CPC**"), Canadian Craft Growers Corp. ("**CCG**"), 2580385 Ontario Inc. ("**258**"), 2666222 Ontario Inc. ("**222**"), and 2669673 Ontario Inc. ("**673**").

3. CPG, CPC, CCG, 258, 222 and 673 are the “**Applicants**” in this CCAA proceeding and are sometimes collectively referred to herein as the “**Company**”.

4. Prior to co-founding the CannaPiece Group, I worked for 28 years in various project management roles, including over 17 years in the mining industry. I hold a Master of Science in Engineering and earned my professional engineering (P. Eng.) designation in 2005. As the Chief Executive Officer of the Applicants, my primary responsibilities include managing the Company’s overall operations and resources and making strategic business decisions.

5. I have personal knowledge of the matters to which I depose in this affidavit, except where I have obtained information from others. Where I have obtained information from others, I have stated the source of my information and, in all such cases, believe such information to be true.

6. I swear this affidavit in support of, among other things, an application by the Company for protection from its creditors pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”).

7. More specifically, the Applicants are seeking an order (the “**Initial Order**”) approving:

- (a) the DIP Term Sheet (as defined below), the DIP Loan (as defined below), the authority to borrow up to \$500,000, and a charge in favour the DIP Lender (as defined below) of \$500,000.
- (b) an administration charge of \$250,000 (the “**Administration Charge**”); and

(c) an initial stay of proceedings to November 10, 2022 (the “**Stay Period**”).

8. If the Initial Order is granted the Applicants intend to return to Court on November 10, 2022 (the “**Comeback Hearing**”) to request an order (the “**Amended and Restated Initial Order**”) that would:

(a) extend the Stay Period;

(b) increase the amount of the Administration Charge;

(c) authorize and approve certain payments to critical suppliers for pre-filing expenses or to honour cheques issued to providers of goods and services prior to the Initial Order, with consent of the Monitor, which are necessary to facilitate the Company’s ongoing operations and preserve value during the CCAA proceedings; and

(d) approve a sale and investment solicitation process, which will include a stalking horse bid component.

9. For the reasons set out herein, I do verily believe that the Applicants are insolvent and are companies to which the CCAA applies.

II. URGENT NEED FOR RELIEF

10. CannaPiece Group, through its wholly-owned subsidiary, CPC, operates a cannabis contract manufacturing business. The Company is insolvent, faces a severe liquidity crisis, and is in urgent need of relief under the CCAA.

11. Currently, the Company’s ordinary course monthly cash expenditures exceed its

cash receipts. Based on the Interim Cash Flow Forecast (as defined below), the Applicants will have insufficient cash to sustain operations through the week ending November 6, 2022 without a draw under the DIP Loan.

12. The cannabis industry is nascent and highly regulated and has experienced rapid change. The uncertainty caused by these changes has created an array of challenges for companies in the industry, including difficulties in obtaining adequate investment and financing for operations and capital expenditures.

13. In the past year, the Applicants have suffered losses due to, among other things:

- (a) substantial capital investments made by CPG and CPC to meet capacity requirements of customer contracts that never fully materialized;
- (b) a steep decline in the value of most publicly-traded cannabis companies in Canada, which form the basis of CPC's client base;
- (c) intense competition and an over-supply of cannabis products leading to significant price compression; and
- (d) the low market demand for cannabis products at the retail level, partially as a result of the illicit market for cannabis, causing a decline in orders from licensed processors.

14. The Company's management team has made determined efforts to address the financial challenges, including, among other things, significantly reducing staff, maximizing automation to more efficiently address manufacturing demands, increasing the efficiency of full-time production staff, making efforts to expand service offerings to

existing customers, and retaining external consultants to assist in identifying opportunities to improve liquidity. These efforts, although effective to a point, have been insufficient to completely address the challenges facing the Applicants.

15. Given its liquidity crisis, the Company requires the breathing room afforded by the CCAA in order to stabilize its operations for the benefit of all of its stakeholders. I therefore believe that the CCAA provides the most appropriate forum for the Company to restructure its affairs – whether it be through debt financing, an equity infusion, a sale, or some other form of creditor compromise.

III. OVERVIEW OF THE APPLICANTS

A. Background and Corporate Structure

16. Attached as **Exhibit “A”** is a copy of the corporate organizational chart for the Company.

a. CannaPiece Group Inc.

17. CPG is the top level holding company. It was incorporated in Ontario on July 18, 2018. CPG’s registered head office is located at 100 Allstate Parkway, Suite 302, Markham, Ontario. CPG is the direct and sole owner of CPC.

18. Attached as **Exhibit “B”** is a copy of the Corporate Profile Report for CPG.

b. CannaPiece Corp.

19. CPC was incorporated in Ontario on May 28, 2018. CPC’s registered head office is located at 100 Allstate Parkway, Suite 302, Markham, Ontario.

20. CPC is the Company's operating entity. It holds the necessary cannabis licences and operates the cannabis manufacturing and production business out of a licensed facility located at 1725 McPherson Court, Unit 2, Pickering, Ontario.

21. Attached as **Exhibit "C"** is a copy of the Corporate Profile Report for CPC.

c. Canadian Craft Growers Corp.

22. Canadian Craft Growers Corp. ("**CCG**") was incorporated in Ontario on July 18, 2018. CCG's initial purpose was to assist CPG in the development of a cannabis micro-cultivation facility in Bowmanville, Ontario.

23. CCG does not hold any assets and is currently inactive. Attached as **Exhibit "D"** is a copy of the Corporate Profile Report for CCG.

d. 2666222 Ontario Ltd. and Green Valley Wellness

24. Incorporated on November 20, 2018, 222 is a wholly-owned subsidiary of CPG. 222, in turn, owns 2580385 Ontario Inc. c.o.b. Green Valley Wellness ("**Green Valley Wellness**"). Green Valley Wellness was incorporated in Ontario on June 1, 2017.

25. In May 2020, CPG acquired Green Valley Wellness for the purpose of operating cannabis wellness clinics in the Greater Toronto Area. Some of the assets of Green Valley Wellness were sold back to its former owners in July of 2021, after it was determined that Green Valley Wellness would cease operating (it had not operated since the onset of the pandemic). 222 and Green Valley Wellness are inactive and do not have any assets. However, 222 and Green Valley Wellness are subject to certain residual creditor claims, including the claim of a former landlord. Attached as **Exhibit**

“E” is a copy of the Corporate Profile Report for 222 and Green Valley Wellness.

e. 2669673 Ontario Inc.

26. 673 was incorporated on December 7, 2018. This entity has minimal assets consisting of a small amount of office furniture and no business operations. It owes rental arrears in the approximate amount of \$71,000 to a former landlord with respect to a now terminated lease dated September 15, 2019. Attached as **Exhibit “F”** is a copy of the Corporate Profile Report for 673.

B. The Business

27. CannaPiece Group, through CPC, is a leading Canadian cannabis contract manufacturer, providing extraction, processing, and packaging services for its customers, who include large and industry-leading participants. The Applicants do not grow any flower, nor do they have any of their own cannabis brands, products, or retail operations. CPC is strictly a business-to-business service provider.

28. The business operates out of a large state-of-the-art cannabis production facility located in Pickering, Ontario. CPC uses the most advanced processing technologies to process and create cannabis products, as well as for the packaging of cannabis products.

29. CPC provides the following principal services to its customers:

- (a) Extraction: creating highly versatile oils, concentrates, and other extracts for licensed processors, including hydrocarbon extraction, CO2 extraction, and co-solvent extraction; and

- (b) Packaging and Logistics: full-service pre-roll and flower packaging and liquid filling, with arrangement of logistics for distribution to seven provinces across Canada.

C. Place of Business and Facilities

a. Office Space – 100 Allstate Parkway, Markham

30. Since November of 2018, CPC has leased office space at 100 Allstate Parkway, Unit 302, Markham ON (the “**Corporate Office**”). The Corporate Office functions primarily as a workspace for the Company’s accounting and legal professionals and executives, including the Company’s Director of Finance, Chief Executive Officer, Chief Investment Officer and Chief Legal Officer.

31. The Corporate Office was initially leased for a term of 3 years. In July 2021, the lease was extended for a term of one year to November 14, 2022. In May 2022, the lease was extended again for a term of one year to November 14, 2023. A copy of the lease agreement in respect of the Corporate Office is attached hereto as **Exhibit “G”**.

b. Manufacturing Facility – 1725 McPherson Court, Pickering

32. CPC operates its cannabis contract manufacturing business out of an 80,000 square-foot facility (the “**Pickering Facility**”) at the property municipally known as 1725 McPherson Court, Unit 2, Pickering, Ontario.

33. Initially, in or about July 2018, CPC entered into a lease in respect of a 47,658 square-foot portion of the Pickering Facility (the “**Phase 1 Lease**”). Seven months later, in February 2019, CPC entered into a lease in respect of an additional 32,550 square-

foot portion of the Pickering Facility (the “**Phase 2 Lease**”).

34. In September 2022, CPC provided the current landlord of the premises with a Notice of Renewal of the Phase 1 Lease (the “**Notice of Renewal**”). In the Notice of Renewal, CPC advised the landlord that it does not intend to renew the Phase 2 Lease and has instead requested permission to lease a smaller portion of the Phase 2 Lease area comprising of a boiler room that is necessary to operate in the Phase 1 space. Currently, CPC is negotiating the terms of the Phase 1 Lease renewal and the boiler room in Phase 2. The landlord is requiring that CPC complete certain improvements to the Phase 2 area prior to expiration of the Phase 2 Lease in June 2023. Attached hereto as **Exhibit “H”** a copy of the Phase 1 Lease and the Notice of Renewal.

35. The Pickering Facility was a shell building at the time that it was leased. Since August 2018, CPG and CPC have invested over \$27 million in order to effect leasehold improvements, obtain and install the required manufacturing equipment and machinery, and to otherwise retrofit the facility to satisfy federal cannabis laws and regulations including the Good Production Practices (GPP) of the *Cannabis Regulations*.

36. Breaking down the capital investment in the Pickering Facility, approximately \$10 million was spent on the physical build-out. During this time frame, CPC completed all required retrofitting including structural and architectural improvements, and installing new drainage, electrical systems, and epoxy concrete flooring.

37. Following on this retrofit, and up until and after the time that CPC commenced its cannabis processing operations in October of 2020, CPG and CPC invested an additional approximately \$17 million to purchase and install the industrial equipment and

machinery required for manufacturing operations, including:

- (a) a CO₂ extraction machine for approximately \$2 million;
- (b) six (6) automatic pre-roll machines, for an aggregate total of approximately \$2.3 million;
- (c) an automated flower packaging machine, for a total of approximately \$500,000; and
- (d) lab equipment and hydrocarbon extraction equipment used for winterization and distillation, for approximately \$1.5 million (including setup).

38. The Pickering Facility is equipped with the highest level of security and production operations. CPC has made every effort to ensure that its manufacturing standards, production practices, and products are of a consistently high quality with a view to future expansion to obtain the European Good Manufacturing Practice (EU-GMP) certification. The Pickering Facility is built to meet EU-GMP standards with some additional improvement, but, due to the cost of doing so, CPC has yet to complete the steps necessary to obtain the certificate including inspections coordinated by the European Medicines Agency.

39. Cannabis production operations at the Pickering Facility commenced in October of 2020 and have continued uninterrupted since that time, other than a temporary COVID-related partial shutdown in January 2021.

D. Cannabis Licences

a. Canadian Cannabis Licence

40. CPC obtained its standard processing and sale for medical purposes licence (the

“**Cannabis Licence**”) from Health Canada on February 28, 2020. The Cannabis Licence permits CPC to undertake the following activities:

- (a) possess cannabis;
- (b) produce cannabis, other than obtaining it by cultivating, propagating or harvesting it;
- (c) sell cannabis in accordance with subsection 17(5) of the Cannabis Regulations; and
- (d) sell cannabis products in accordance with section 27 and Part 14, Division 1 of the Cannabis Regulations.

41. The Cannabis Licence is valid until February 28, 2023 and will be renewed prior to its expiry. The application for renewal has been started and must be completed by November 28, 2022. Attached hereto as **Exhibit “I”** is a copy of the Cannabis Licence.

b. Excise Cannabis Licence

42. CPC obtained its cannabis licence under the *Excise Act, 2001* (Canada) effective on March 4, 2020 (the “**Excise Cannabis Licence**”).

43. The Excise Cannabis Licence has been renewed twice since it was first issued. Currently, it is valid until March 3, 2023 and will be renewed prior to that time. Attached hereto as **Exhibit “J”** is a copy of the renewed Excise Cannabis Licence.

E. Employees

44. The Company currently employs 155 employees, 146 with CPC (including 10 temporary workers) and 9 with CPG.

45. The majority of CPC employees work on cannabis production lines at the Pickering Facility, with others providing the necessary support for production. Their job titles broadly describe their responsibilities and include:

- Technicians (Extraction Lab, Hydrocarbon Extraction, Hydrocarbon Post-processing, Pre-processing, Processing, Processing Systems, Quality Assurance, and Quality)
- Machine Operators
- Specialists (Finished Goods, Vault, Hydrocarbon Extraction, Hydrocarbon Post-processing, Material, Payroll and Benefits, Quality Assurance, and Compliance)
- Leads (Production, Hydrocarbon Extraction, Hydrocarbon Post-processing, Packaging, Pre-processing, Quality, and Sanitation)
- Coordinators (Extraction, Facilities, and Health & Safety)
- Managers (Extraction Operations, Procurement and Planning, Production, Projects, Quality Operations, Security, Client Service, Supply Chain, Facilities and Maintenance, Automation, and Human Resources)

46. The employees are paid bi-weekly in arrears. All payments to employees are current based on the payroll schedule, except for payments to Ali Etemadi, Reza Khadem Shahreza, and myself as we have accrued our payments totalling \$1,502,000 since February 2021 in order to keep operating money in the Company. Ali, Reza and myself are employed by the Company as contract employees.

47. The Company does not have any employees that are unionized or otherwise party to a collective agreement in connection with their employment with the Company.

48. The Company does not sponsor, administer or otherwise have any registered or unregistered pension plans for its employees. The Company provides a standard group benefit plan to its employees that covers extended health care, dental care, life insurance, and accidental death and dismemberment insurance.

F. Key Customers

49. At present, CPC's client relationships include approximately seven of the top 10 licensed processors in the Canadian cannabis market based on retail sales volume.

50. The largest relationships are contractually governed through forms of master services agreements and/or co-manufacturing processing and supply agreements, pursuant to which customers issue purchase orders from time to time. Unless work in respect of a given purchase order has commenced, customers retain the right to terminate the order on written notice and without cause or liability. In most cases, customers are not obligated to purchase minimum quantities of services under the master services agreements.

51. CPC has experienced fluctuations, including dramatic drops, in customer orders over the past year due to well-known market and industry issues with which cannabis companies have struggled throughout Canada. For example, earlier this year, CPC lost one large customer due to the customer's loss of market share and its decision to revert to in-house production of its products to try to find a path to profitability. CPC had a long-term, large-volume forecast from this customer and had invested approximately \$1,250,000 in capital expenditures and human resource costs to accommodate the anticipated rapid volume growth when the customer stopped sending orders. Another

example highlights the moving landscape of the industry, which creates uncertainty: CPC lost another major customer this year when the customer received rescue funding from a larger cannabis entity while experiencing significant financial distress, and the lender in that instance moved manufacturing to its own facility and terminated the manufacturing relationship with CPC.

G. Bowmanville Project

52. In October of 2018, CPG acquired a vacant parcel of land located at 580 Lake Road, Clarington, Ontario (the “**Bowmanville Property**”). The Bowmanville Property was acquired for the purpose of developing the land into a facility that would supply input material to the final processing facility in Pickering for manufacturing into cannabis products, which would then be distributed to the recreational and medical cannabis markets throughout the country (“**Bowmanville Project**”). For a variety of reasons, and as further described below, CPG’s vision for the Bowmanville Property did not materialize and the property was ultimately sold to an arms’-length third party in August of 2022.

a. Initial Vision for Project

53. The initial vision for the Bowmanville Property was that of a multi-unit cannabis facility, housing 170 micro-growers (in separate units), a nursery, and post-harvest operations. A portion of the facility would be divided into the micro-grow units for “lease” to individually-licensed micro-cultivators for small-scale cannabis cultivation. Under this concept, CPG would develop and equip the unit, with the micro-cultivator being responsible for the development costs. The parties contemplated an exclusive supply

contract arrangement, whereby each micro-cultivator would commit to sell a portion of its harvested cannabis to CPC at to-be-agreed-upon wholesale market pricing.

b. Unitholders and Investments

54. In anticipation of the acquisition of the Bowmanville Property and construction of the proposed facility, CPG, through its management team, communicated extensively with a number of potential investors about the potential to participate in the micro-cultivation project. Each investor was asked to pay an initial deposit (each a “**Deposit**”) in exchange for the opportunity to lease a “room” and operate a micro-grow facility upon completion of the overall facility and after the necessary licensing was obtained. The purpose of the Deposits was to fund CPG’s initial costs of project design and regulatory approvals.

55. The vision for the Bowmanville Project culminated in the execution by CPG and/or CCG of a memorandum of understanding (“**MOU**”) with each individual (or corporate) investor (each, a “**Unitholder**”).

56. Approximately 170 Unitholders entered into MOUs. Funds raised from Unitholders under the MOUs between October 2018 and October of 2019 totalled approximately \$9.8 million. Attached hereto as **Exhibit “K”** is a sample copy of an MOU.

c. Land Acquisition and Development Activities

57. The Bowmanville Property was acquired on October 5, 2018 for \$2,384,615 plus 1,500,000 shares of CPG issued to the vendor. The property was acquired partially using funds raised from sales of shares in CPG and using a vendor take-back mortgage

in the amount of \$1,384,615 from the then-property owner.

58. The construction development process for a cannabis facility requires submission of an application to the appropriate municipal authority for site plan approval. The purpose of this process is for the municipality to examine the design and technical aspects of a proposed development.

59. This review and application process is resource-intensive and time-consuming. It requires the preparation and submission of site plans, drawings, and cost estimates to the municipality, all of which takes time to be reviewed and subsequently approved by the municipality. Following the review process, a definitive agreement called a “site plan agreement” must be entered into between the developer and the municipality for the purpose of governing the terms of the proposed development. After entering into a site plan agreement with the municipality, a separate application process must be completed in order to obtain a building permit for the development, as well as other permits as may be required for the particular development.

60. Upon applying for the above-noted permits, the municipality requires the payment of deposits. CPG paid deposits to the Municipality, totalling approximately \$600,000 (the “**Development Deposits**”).

61. Once the development is complete and the facility is built, applications for cannabis licences from Health Canada can be made. Applying for a Health Canada licence is an extensive regulatory process that requires numerous comprehensive submissions and at least one inspection by Health Canada. The application requirements vary depending on the class and subclass of licence or licences sought,

which itself is based on the type of cannabis operations to be undertaken at the property. In this case, the Company also engaged a consultant to assist Unitholders with their required Health Canada security clearance applications so that they could operate the micro-grow units.

62. Immediately following the acquisition of the Bowmanville Property, CPG took all of the necessary steps to proceed with the construction of the proposed facility. Between October of 2018 and the third quarter of 2019, CPG:

- (a) prepared the necessary site plans, drawings and cost estimates for the municipality of Clarington (the “**Municipality**”);
- (b) developed and maintained a consistent dialogue with representatives of the Municipality;
- (c) satisfied extensive information requests from the Municipality;
- (d) negotiated the terms of a site plan agreement and entered into a definitive site plan agreement with the Municipality;
- (e) applied for and received a site alteration permit from the Municipality;
- (f) completed the site alteration work;
- (g) applied for and received a site grading permit from the Municipality;
- (h) completed the site grading;
- (i) initiated a bidding process and selected a general contractor for the build-out;
and

- (j) prepared a cost consulting report which contained a detailed budget and cost analysis, including itemized cost projections for each phase of the construction project.

d. Challenges Encountered and Decision to Sell Property

63. Due to a plethora of well-known and widespread challenges facing the Canadian cannabis industry, and as further described herein, it became apparent in or around June of 2020 that CPG might not be able to obtain the necessary construction financing to complete the Bowmanville Project.

64. CPG's management team met with dozens of potential construction lenders and pursued multiple loan applications with the aim of securing additional funding for the completion of the project. Despite every effort over many months, CPG was unsuccessful in obtaining the necessary construction financing. Not having funding to advance the development, CPG's management team made the difficult decision to cancel the Bowmanville Project in the late winter of 2021. At that time, the team communicated the decision to Unitholders by holding meetings and, in some cases, contacting them individually.

65. Shortly thereafter, in early spring of 2021, the board of directors determined that CPG would sell the Bowmanville Property in order to eliminate the carrying costs, which amounted to approximately \$120,000 per month consisting of payments on the VTB and on collateral mortgages that were secured for the purpose of funding the completion of the Pickering Facility.

66. By Agreement of Purchase and Sale dated April 19, 2021 (the "**First APS**"), CPG

entered into an agreement for the sale of the Bowmanville Property to 12920786 Ontario Inc. (“**129**”). This First APS consisted of a standard form OREA Commercial Agreement of Purchase and Sale and a Schedule A, and included:

- (a) A purchase price of \$10,250,000;
- (b) An initial deposit of \$100,000, paid in trust by 129 to Cactus Law, the lawyers acting for CPG on the sale, and increased by 129 to \$250,000 upon 129’s waiver of conditions;
- (c) A completion or closing date of June 15, 2021;
- (d) A provision stipulating that time was to be “of the essence”, provided that the time for doing or completing any matter required by the First APS could be extended or abridged by agreement in writing between the parties or their respective lawyers; and,
- (e) A provision stipulating that the continued existence and validity of the First APS was subject to three (3) conditions (the “**Conditions**”) being satisfied or waived by 129 in writing within thirty (30) days. At 129’s request, this deadline was extended twice, with 129 ultimately waiving the conditions in writing on June 15, 2021.

67. Importantly, 129’s principal advised me that he wanted to not only purchase the Bowmanville Property but also continue the Bowmanville Project. Accordingly, at 129’s request, the First APS was amended on June 15, 2021 to include a provision stipulating that 129 could take an assignment of some of the MOUs, including the corresponding Deposits, to a maximum of \$3,000,000, which amount would be credited against the

purchase price contemplated by the First APS. I was advised that there was a particular group of Unitholders that was willing to continue the Bowmanville Project with 129.

68. At the request of 129, the closing date was extended several times, with the final closing date set for September 17, 2021. Despite CPG's lawyer tendering on 129's lawyer by submitting a vendor's closing package and CPG being ready, willing, and able to close, 129 failed to close the transaction on September 17, 2021. I believe that the reason for 129's failure to close was due to a lack of financing, despite the fact that 129 had waived its financing condition months prior. Thereafter, I had periodic communications with 129's principal with a view to reactivating the deal, but nothing came to fruition and the \$250,000 deposit remains in the trust account of Cactus Law.

69. After the transaction contemplated by the First APS failed, CPG engaged a commercial broker to assist with the marketing and sale of the Bowmanville Property. Between November 2021 and June 2022, the broker secured four potential purchasers. The first three potential purchasers completed diligence on the Bowmanville Property, but ultimately decided not to proceed with the transaction, either prior to an agreement of purchase and sale being signed or prior to the expiration of the due diligence period under an agreement of purchase and sale. The fourth potential purchaser, an arm's length party, was successful in purchasing the Bowmanville Property for \$8.5 million on August 18, 2022.

70. In view of the sale of the Bowmanville Property and the cancellation of the Bowmanville Project, efforts are currently underway to secure the return of the Development Deposits.

e. Unitholder Communications

71. Throughout the course of the site plan approval process for the Bowmanville Property, the challenges in obtaining construction financing, and through to the final decision by the Company to sell the Bowmanville Property, the Company at all times made a concerted effort to keep Unitholders updated about the status of the project.

72. Several meetings were hosted for Unitholders by CPG's Chief Investment Officer, Ali Etemadi, and myself, to provide Unitholders with disclosure about the ongoing challenges faced by the Company and the impact of those challenges on the Bowmanville Project.

73. Upon the cancellation of the Bowmanville Project, and both before and after the sale of the Bowmanville Property, CPG received numerous and regular demands from Unitholders regarding repayment of the Deposits that they had provided under the MOUs. These demands were particularly aggressive after 129 failed to close the purchase of the Bowmanville Property, which led to Deposit refund demands by the Unitholders that had planned to continue the Bowmanville Project with 129.

74. Despite the fact that the Deposits had been used to fund the initial development of the Bowmanville Property in furtherance of the Bowmanville Project, the board of directors of CPG had decided to offer Unitholders refunds of their Deposits (payable over time) or a conversion of the Deposits to equity in CPG at what was then a favourable rate. The refunds had to be funded from the revenue generated by CPC, it being the only source of revenue generation for the Company.

75. Certain Unitholders entered into Termination & Release Agreements with the

Company, pursuant to which the Company agreed to either refund their deposits or convert the Deposits to shares, depending on the Unitholders' election. As the Company's financial struggles mounted, it was unable to pay some of the refunds on the timelines set out in the Termination & Release Agreements. In most cases, it was able to negotiate amendments to those agreements to change the payment dates and terms.

76. Additionally, the Company retained Miller Thomson LLP with the mandate to prepare a report that could be provided to Unitholders as a means of responding to their questions and concerns, particularly in relation to the Bowmanville Project. Miller Thomson LLP participated in several Unitholder "Town Halls" (by Zoom) as a forum to receive unitholder questions. As events developed, Miller Thomson LLP did not complete the contemplated report.

77. Approximately 63 Unitholders chose to convert to equity in CPG and 107 Unitholders chose to receive a refund. Of those who elected to receive a refund, CPG has paid approximately \$2.5 million to date.

IV. FINANCIAL CIRCUMSTANCES AND CASH FLOW

78. The Company has a fiscal year-end of December 31. Attached as **Exhibit "L"** are the Company's unaudited consolidated financial statements for 2020 and 2021 and interim statements as at August 31, 2022 (the "**Financial Statements**").

A. Assets

79. According to the Financial Statements, as at [insert date], the assets of the Company were as follows:

	31-Aug-22 (Pro-Forma)	31-Aug-22 (unaudited)
Current Assets		
Cash	\$ 6,285	\$ 6,285
Other Receivables and Prepaid Expenses	1,748,273	1,748,273
Accounts Receivable (Note 1)	2,866,136	3,041,594
HST receivable (Note 2)	-	313,297
Inventory (Note 3)	150,000	1,757,756
Total Current Assets	\$ 4,770,694	\$ 6,867,205
Non Current Assets		
Assets under construction	\$ 366,315	\$ 366,315
Equipment and machinery	13,966,739	13,966,739
Accumulated depreciation	(3,506,447)	(3,506,447)
Leasehold improvements	9,273,048	9,273,048
Investments and goodwill (Note 4)	-	3,099,600
Total Non Current Assets	\$ 20,099,655	\$ 23,199,255
Total Assets	\$ 24,870,349	\$ 30,066,460

Notes:

The Applicant's financial statements have been never been audited. Additionally, the Applicants' internal financial statements have not be been updated for potential asset impairment charges, divestiture/sales transactions, etc. As such Management has attempted to produce a pro-forma balance sheet that more accurately reflects the Applicants' current financial position as at August 31, 2022.

Note 1 (Pro-Forma): Accounts Receivable is net of uncollectable customer accounts.

Note 2 (Pro-Forma): HST as at August 31, 2022 is in a payable position with CRA. CPG's ITCs are currently being denied by CRA and CPG/CPC are currently being audited by CRA.

Note 3 (Pro-Forma): Inventory has been adjusted for aged product and specialized product that was procured for a customer that CPC no longer does business with (both have minimal current value).

Note 4 (Proforma): Investments and Goodwill relate primarily to investments in 258 and 673 that have been sold or wound-down as at August 31, 2022.

B. Liabilities

80. According to the Financial Statements, as at August 31, 2022 the liabilities of the Company were as follows:

	31-Aug-22 (Pro-Forma)	31-Aug-22 (unaudited)
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 9,131,269	\$ 9,131,269
Deferred Revenue	\$ 1,269,184	\$ 1,269,184
Total Current Liabilities	\$ 10,400,453	\$ 10,400,453
Non Current Liabilities		
Loans and Borrowings	\$ 35,098,748	\$ 35,098,748
Client deposits	\$ 3,242,088	\$ 3,242,088
Total Non Current Liabilities	\$ 38,340,836	\$ 38,340,836
Total Liabilities	\$ 48,741,289	\$ 48,741,289

Note: Management has not assessed the Applicants' liabilities for any potential adjustments as of August 31, 2022.

C. Profit and Loss

81. According to the Financial Statements, as at August 31, 2022, CPG and CPC have lost approximately \$6.2 million year-to-date. These amounts do not include any pro-forma adjustments to the balance sheets as noted above.

D. Cash Flow Forecast

82. The Company, with the assistance of the proposed Monitor has prepared a projected cash flow forecast (the “**Interim Cash Flow Forecast**”) for the week ending November 13, 2022. Attached as **Exhibit “M”** is a copy of the Interim Cash Flow Forecast.

83. Pursuant to the Interim Cash Flow Forecast, the Applicants will have sufficient liquidity to sustain operations for the week ending November 13, 2022, including payroll, but will have insufficient funds thereafter.

V. CREDITORS OF CANNAPIECE GROUP

A. Secured Creditors

a. *Carmela Marzilli*

84. Carmela Marzilli (“**Marzilli**”) is the Company’s senior secured creditor.

85. CPC, as borrower, and Ali Etemadi, Reza Khadem-Shahreza and myself, as personal guarantors, entered into a letter of commitment with Marzilli, as lender, on February 10, 2022 (the “**Marzilli Loan Agreement**”). Attached as **Exhibit “N”** hereto is a copy of the Marzilli Loan Agreement.

86. Pursuant to the Marzilli Loan Agreement, Marzilli made \$6,689,500 available to the Company (the “**Marzilli Loan**”), by way of four loan advances as follows (the “**Advances**”):

- (a) \$2,000,000, on or before March 1, 2022 (with a Maturity Date of April 1, 2023);
- (b) \$2,750,000, on or before March 7, 2022 (with a Maturity Date of May 1, 2023);
- (c) \$1,700,000, on or before July 26, 2022 (with an unspecified Maturity Date);
and
- (d) \$239,500, on or before October 21, 2022.

87. As security for the obligations under Marzilli Loan Agreement, CPC agreed to provide Marzilli with a first-ranking security interest in all of CPC’s present or after-acquired property (excluding accounts receivable and certain enumerated equipment) pursuant to a General Security Agreement dated February 28, 2022 (the “**Marzilli**

GSA”). A copy of the Marzilli GSA is attached hereto as **Exhibit “O”**.

88. As of November 1, 2022, there is approximately \$6,788,635 outstanding under the Marzilli Loan, including recently missed interest payments.

b. 2125028 Ontario Inc.

89. CPC, as borrower, is party to two loan and security agreements dated May 27, 2020 (“**First Equipment Loan Agreement**”) and December 7, 2020 (“**Second Equipment Loan Agreement**”) and together with the First Equipment Loan Agreement, the “**212 Loan Agreements**”), with 2125028 Ontario Inc. (“**Equipment Lender**”) as lender. The loans under the 212 Loan Agreements, each in the principal amount of \$3,000,000, are secured by certain manufacturing and processing equipment that is currently used at the Pickering Facility.

90. The material terms of the First Equipment Loan Agreement are as follows:

Date of Agreement	May 27, 2020
Principal Amount	\$3,000,000
Term	5 years
Interest Rate	7.3% per annum
Default Interest Rate	18% per annum, calculated on the outstanding balance on the date of default
Security	Certain enumerated equipment and all proceeds therefrom, all equipment to be financed pursuant to the Second Equipment Loan Agreement and all proceed therefrom, all present and after-acquired rights in insurance policies on certain equipment collateral.

91. Pursuant to the First Equipment Loan Agreement, the following fees were deducted from the principal amount to be advanced:

- (a) Facility Fee: \$93,750.00; and

- (b) Other Fees: \$37,855.00 (\$30,000 for legal expenses, \$3,500 for consultant expenses + HST on all amounts).

92. The net amount advanced to CPC under the First Equipment Loan Agreement was \$2,868,395. A copy of the First Equipment Loan Agreement, with all amendments, is attached hereto as **Exhibit "P"**.

93. The material terms of the Second Equipment Loan Agreement are as follows:

Date of Agreement	December 7, 2020
Principal Amount	\$3,000,000
Term	5 years
Interest Rate	10% per annum
Default Interest Rate	18% per annum, calculated on the outstanding balance on the date of default
Security	Certain enumerated equipment and all proceeds therefrom, all equipment to be financed pursuant to the First Equipment Loan Agreement and all proceed therefrom, all present and after-acquired rights in insurance policies on certain equipment collateral.

94. Pursuant to the Second Equipment Loan Agreement, the following fees were deducted from the principal amount to be advanced:

- (a) Facility Fee: \$7,500; and
- (b) Other Fees: \$105,000 (placement fee); \$32,844.80 (Legal expenses); \$2,383 (cost of property condition assessment report).

95. The net amount advanced to CPC under the Second Equipment Loan Agreement was \$2,868,395. A copy of the Second Equipment Loan Agreement, with all amendments, is attached hereto as **Exhibit "Q"**.

96. Contemporaneous with the First Equipment Loan Agreement, the Equipment

lender and CPC entered into a companion letter agreement (“**Arrangement Letter**”), pursuant to which CPC agreed to pay to the Equipment Lender a series of monthly fees, in addition to the fees described above that were deducted from the principal amount of each loan. The fees payable pursuant to the Arrangement Letter totaled over \$270,000 per month, as follows:

- (a) Initial Fee: \$140,000 (\$20,000 per month starting on June 26, 2020, and continuing until the advance of funds under the Second Equipment Loan Agreement in December 2020); and
- (b) Other Fees: \$6,000,000 (\$250,000 per month for 24 months).

97. In or around May 2021, CPC fell into default of its obligations pursuant to the Arrangement Letter on account of its inability to pay certain of the fees claimed to be then owing to the Equipment Lender, which fees totaled \$1,500,000 in respect of the First Equipment Loan Agreement and \$4,500,000 in respect of the Second Equipment Loan Agreement (together, in total, the “**Arrangement Letter Indebtedness**”).

98. Thereafter, pursuant to the terms of two written settlement agreements dated September 8, 2021 (“**First Settlement Agreement**”) and September 28, 2021 (“**Second Settlement Agreement**”), respectively, the parties agreed that the Equipment Lender would “cancel” the Arrangement Letter Indebtedness in consideration of, among other things, the issuance of common shares in the capital of CPG as follows:

- (a) First Settlement Agreement:
 - (i) Indebtedness claimed and cancelled: \$1,500,000
 - (ii) Shares issued: 925,926 Common Shares

(iii) Subscription price: \$1.62 per share

(b) Second Settlement Agreement:

(i) Indebtedness claimed and cancelled: \$4,500,000

(ii) Shares issued: 2,777,778 Common Shares

(iii) Subscription price: \$1.62 per share

99. Attached as **Exhibits “R”** and **“S”**, respectively, are copies of the First Settlement Agreement and the Second Settlement Agreement.

100. As at the date of this affidavit, there is approximately \$2,135,655 owing to the Equipment Lender pursuant to the terms of the First Equipment Loan Agreement, and approximately \$1,903,678 owing to the Equipment Lender pursuant to the terms of the Second Equipment Loan Agreement.

B. Unsecured Loans

a. 2726398 Ontario Inc.

101. 2726398 Ontario Inc. (**“272”**), as lender, and CPG, as borrower, entered into two debenture agreements pursuant to which 272 agreed to loan CPG the aggregate principal amount of \$7,000,000 (the **“272 Loan”**) as follows:

(a) \$4,000,000 in accordance with the terms of Pursuant to a convertible debenture dated December 13, 2019 (as amended, the **“First Debenture”**), with an interest rate of 20% per annum (which was later reduced to 18% per annum); and

(b) \$3,000,000 in accordance with the terms of a debenture agreement dated

December 13, 2020 (as amended, the “**Second Debenture**”, and together with the First Debenture, the “**272 Loan Agreement**”), with an interest rate of 18% per annum.

102. A copy of the 272 Loan Agreement is attached hereto as **Exhibit “T”**. As security for the amounts advanced under the First Debenture, CPG granted 272 a second-ranking mortgage (“**Second Mortgage**”) against title to the Bowmanville Property for a term of two years, securing the sum of \$4,000,000.

103. As security for the amounts advanced under the Second Debenture, CPG granted 272 a third-ranking mortgage (“**Third Mortgage**”) against title to the Bowmanville Property for a term of two years, securing the sum of \$3,000,000.

104. As further security for the 272 Loan, CPC, CCG, Greenzone Therapy Inc., myself, Ali Etemadi, Ahmad Rasouli and Reza Khadem-Shahreza (the “**272 Guarantors**”) each guaranteed CPG’s obligations to 272 under the 272 Loan Agreements.

105. The Second Mortgage and the Third Mortgage matured on December 13, 2021. CPG defaulted on its obligations to 272 by failing to pay the amounts owing to 272 upon maturity.

106. On or about January 14, 2022, 272 made formal written demand for payment to CPG and issued a Notice of Intention to Enforce Security (“**NITES**”) under the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3. Attached hereto as **Exhibit “U”** is a copy of 272’s formal demand letter and NITES.

107. Thereafter, CPG and 272 entered into a forbearance and standstill agreement

dated February 2022 (“**272 Forbearance Agreement**”), pursuant to which 272 agreed to forbear from enforcing its security in accordance with the terms of the 272 Forbearance Agreement. Attached hereto as **Exhibit “V”** is a copy of the 272 Forbearance Agreement.

108. In February 2022, 272 agreed to, and did, discharge its PPSA registrations as against CPG and CPC in order to accommodate the Marzilli GSA.

109. At such time as the Bowmanville Property was sold in August of 2022, \$7,000,000 was paid to 272 in reduction of amounts then owing under the Second Mortgage and the Third Mortgage, leaving a shortfall of \$815,576.23 (the “**Shortfall**”). To permit the closing of the sale, the Second Mortgage and Third Mortgage were discharged without prejudice to 272’s right to claim the balance of the outstanding debt under the 272 Loan Agreement.

110. On October 18, 2022, 272 commenced an action in the Ontario Superior Court of Justice and issued a statement of claim (the “**272 Statement of Claim**”) against CPG and the 272 Guarantors for the Shortfall, plus certain amounts allegedly owing on account of interest from the date of the sale of the Bowmanville Property. Attached as **Exhibit “W”** hereto is a copy of the 272 Statement of Claim.

b. 2756295 Ontario Inc.

111. On May 26, 2020, CPG, as borrower, and 2756295 Ontario Inc. (“**275**”), as lender, entered into a loan agreement (the “**275 Loan Agreement**”), pursuant to which 275 agreed to loan to CPG the aggregate principal amount of \$3,100,000. The principal terms of the 275 Loan Agreement are as follows:

- (a) Principal amount: \$3,100,000
- (b) Maturity Date: June 25, 2022
- (c) Interest: 18% per annum (additional 7% interest on amounts past due)
- (d) Lending fee: 5% of the total principal amount, totalling \$155,000

112. Over time, 275 made ongoing advances under the terms of the 275 Loan Agreement to fund the Company's operations.

113. As at the date of this affidavit, there is approximately \$19,518,902 owing to 275 under the 275 Loan Agreement. Attached as **Exhibit "X"** hereto is a copy of the 275 Loan Agreement.

b. Novo

114. On February 8, 2019, CPG, as borrower and Novo Integrated Sciences Inc., ("**Novo**"), as lender, entered into a loan agreement ("**Novo Loan Agreement**") pursuant to which Novo agreed to loan to CPG a loan in the principal amount of \$300,000. The principal terms of the Novo Loan Agreement are as follows:

- (a) Principal amount: \$300,000
- (b) Maturity Date: On or before May 1, 2023
- (c) Interest: interest-free up to April 8, 2019, with interest accruing thereafter at an annual rate of 10%

115. As at the date of this affidavit, there is approximately \$405,945 owing to Novo under the Novo Loan Agreement. Attached as **Exhibit "Y"** hereto is a copy of the Novo Loan Agreement, with all amendments.

C. Other PPSA Creditors

116. In addition to the secured creditors described above, a number of parties have registered security interests against the Company under the *Personal Property Security Act* (“PPSA”).:

- (a) 272 has a registration against CCG securing amounts owed by CPG as secured under the 272 Loan and guaranteed by CCG;
- (b) Marzilli has a registration against CPC with respect to all present and after-acquired personal property of the Company for all collateral classifications except consumer goods, accounts, and motor vehicles;
- (c) Solid Packaging Robotik Inc. (“**Robotik**”), a Canadian equipment manufacturer, has a registration against CPG with respect to 4 pre-roll machines.
- (d) Vitalis Extraction Technology Inc. has a registration against CPC with respect to certain co-solvent injection equipment used for CO2 extraction.

117. Attached hereto and marked as **Exhibit “Z”** are true copies of the Personal Property Registry search results for each of the Applicants in Ontario (the “**PPSA Searches**”).

118. The machines supplied by Robotik are integral to the Company’s pre-roll manufacturing operations. Denial of access to these machines for even a short period of time would threaten the Company’s ability to fulfil important customer commitments and realize associated revenue. Attached hereto as **Exhibit “AA”** is a copy of the

agreement between the Company and Robotik. Importantly, in order to be able to operate this equipment, a new password is to be provided to the Company by Robotik on a monthly basis.

D. Equity Interests and Share Capital Contributions

119. The co-founders of the Company (i.e. myself, Ali Etemadi, Reza Khadem-Shahreza, and Ahmad Rasouli) contributed \$1,040,000 to the Company in start-up capital. In addition, since that time, Ali, Reza, and I have contributed approximately \$1,765,000 in various formats (including interest-free loans and unpaid wages since February of 2021). Further, we raised approximately \$18 million in shareholder capital from 110 individual and corporate investors, most of whom are family and/or friends of the Company's founders.

120. CPG currently has 50,927,238.74 issued and outstanding common shares. There is only one class of shares and there is no shareholder agreement.

E. Other Creditors

a. Source Deductions, Excise Duty, HST

121. As of the date of this affidavit, the Company is up to date with payments to Canada Revenue Agency (“**CRA**”) in respect of Employment Insurance and Canada Pension Plan deductions.

122. Further, as of September 30, 2022, the Company is in arrears to CRA for excise tax remittances in the amount of \$1,180,441 and HST remittances in the amount of \$105,646.

123. Green Valley Wellness owes CRA \$113,199.45 for unpaid HST as of April 5, 2022.

b. Trade Creditors

124. The Company incurs obligations in the ordinary course of business to various trade creditors. As at October 31, 2022, the largest trade creditor is Tweed Inc., who is owed approximately \$887,400.

c. CEBA Government Loan

125. CPG and CPC each received \$60,000 from the Canada Emergency Business Account (“**CEBA**”) program. The CEBA loans become due for repayment in December of 2023.

d. Judgment Creditors and Litigation Claims

126. A number of creditors have initiated actions, or threatened to initiate actions, against the Applicants. Certain of these actions have been settled pursuant to terms upon which settlement payments are to be made to the creditors over time. Where such payments have not been made and the settlement agreements go into default, these creditors have a right to use consents to judgment and obtain judgments, which consents they hold as security for the settlement payments. Attached as **Exhibit “BB”** is a chart identifying these creditors. As at the date of this affidavit, several of these creditors are actively pursuing their rights to obtain judgments pursuant to settlement agreements.

VI. CHALLENGES AND LIQUIDITY ISSUES FACED BY APPLICANTS

A. Cannabis Market in Canada

127. The Canadian cannabis industry is an extremely challenging operating environment. The industry is highly regulated, highly taxed, and subject to ever-changing legislation and delays at all levels of government.

128. CannaPiece Group has faced pressures similar to many large and small cannabis industry participants due to the over-supply in the market for cannabis products, the impact of the illegal market on the demand for legal cannabis products, inflation, and high interest rates.

B. Withdrawal of Large Orders and Steep Decline in Demand

129. As a result of the challenges to the cannabis industry and in particular the over-supply of cannabis products, the Company has seen a number of large customers withdraw or discontinue their orders beginning in September of 2022. In particular, two of the Company's major concentrate product customers (which, prior to cancelling their orders, accounted for approximately \$400,000 of the Company's monthly revenue) cancelled their orders indefinitely.

130. Further, in January of 2022, one of the Company's largest pre-roll customers withdrew its ongoing orders for pre-roll products. In late 2021 and early 2022, in anticipation of these forecasted orders and with knowledge of this customer, the Company invested approximately \$1.25 million in readying processing rooms, obtaining pre-roll production equipment, and hiring staff to maximize capacity to fulfil the expected orders for pre-roll products. The cancellation of large orders for pre-roll products has

caused the Company to operate well below its capacity for production and has crippled its cashflow. This customer accounted for approximately \$1.5 million in monthly revenue for CPC.

C. Litigation and Creditor Enforcement Activities

131. CPG and CPC have faced a number of imminent enforcement threats over the last several weeks. As I described above and further describe below, the Company is in default of a number of settlement agreements and I believe that certain parties have filed, or intend to file, consents to judgment against CPG and CPC pursuant to those settlements.

a. Licensor Liability

132. CPC entered into two licensing agreements (“**Licensing Agreements**”) with a licensor (the “**Licensor**”) in October 2020. The Licensor is a wholly-owned subsidiary of a foreign limited liability corporation that owns certain unique intellectual property related to cannabis products and brands. CPC entered into the Licensing Agreements as an opportunity to produce and sell the Licensor’s branded products in Canada.

133. However, in order to execute under the Licensing Agreements, CPC needed to invest significant capital expenditure in its operations in 2021, which it was unable to do. As a result, CPC sought to terminate the Licensing Agreements and negotiated a resolution with the Licensor.

134. Pursuant to a confidential settlement and release agreement, CPC and the Licensor agreed to settle all claims that either of them may have against the other in relation to the Licensing Agreements.

d. Cortesis

135. Pursuant to a statement of claim dated August 15, 2022 filed in the Ontario Small Claims Court, Stephen and Anne Cortesis (“**Cortesis**”) commenced a claim (the “**Cortesis Claim**”) against Green Valley Wellness and CPG in respect of rental amounts allegedly owing in respect of the property municipally known as 18 King Street West, Cobourg, Ontario. Attached hereto as **Exhibit “CC”** is a copy of the Cortesis Claim.

e. Oseni

136. Pursuant to a Statement of Claim dated August 3, 2022, Martin Oseni (“**Oseni**”) commenced a claim (the “**Oseni Action**”) against CPC for various employment-related damages, including a claim for wrongful dismissal and claims under the Ontario *Human Rights Code*. Attached hereto as **Exhibit “DD”** is a copy of the Oseni Action.

f. Ovandi Inc.

137. Pursuant to a Statement of Claim dated December 8, 2020 as amended on August 20, 2021 (the “**Ovandi Statement of Claim**”), Ovandi Inc. and Jeffrey Stewart commenced an action (the “**Ovandi Action**”) against the Company, alleging breach of contract and misrepresentation related to a potential share purchase transaction. Attached hereto as **Exhibit “EE”** is a copy of the Ovandi Statement of Claim.

138. CPC filed a statement of defence on January 22, 2021 and an amended statement of defence on November 11, 2021 (the “**Ovandi Statement of Defence**”). Attached hereto as **Exhibit “FF”** is a copy of the Ovandi Statement of Defence.

139. The Ovandi Action is currently in the discovery stage.

g. Subcontractor Settlement

140. CPC is party to a settlement agreement in respect of disputed invoices from one of the Company's subcontractors. Pursuant to this confidential settlement agreement, CPC has agreed to make a series of monthly payments until amounts owing to that subcontractor are paid in full.

h. Medisun Inc.

141. On October 18, 2022, CPC received a demand from Medisun Inc. in the amount of \$51,172.65 on account of outstanding invoices that were due in August and September, 2022. Medisun Inc. is a licensed cannabis producer and one of CPC's suppliers of input material. I understand that, in September 2022, Medisun Inc. filed a Notice of Intention to Make a Proposal.

VII. STRATEGIC INITIATIVES**A. Recent Efforts to Improve Operations and Financial Position**

142. In the second quarter of 2022, CPC made several strategic business decisions for the purpose of improving its financial situation. Among other things, CPC effected a significant reduction in the number of employees and temporary staff employed at the Facility and increased the efficiency of full-time production staff. CPC also introduced six new automatic pre-roll manufacturing units in order to increase the output of certain pre-roll products, in an effort to increase automation and improve liquidity.

B. Engagement of Consultants

143. On or about February 22, 2022, the Company retained a reputable cannabis

industry consultant and financial advisor (“**Financial Consultant**”). The purpose of this retention was for the Financial Consultant to assist the Company in identifying potential opportunities to add value to the organization and turn it around, including assisting the Company in securing potential equity investment. The Financial Consultant completed a remodelling of the Company’s financials and produced materials that assisted the Company in achieving some additional operating efficiencies.

144. On or about August 11, 2022, CPC retained a strategic business advisor and consultant (the “**Strategic Consultant**”) with extensive cannabis industry experience for the purpose of assisting CPC in developing a commercial strategy and increasing revenue. The Strategic Consultant delivered an initial report with preliminary recommendations, but CPC paused the engagement due to its financial struggles and inability to pay for the services; however, the recommendations made to date continue to be implemented by CPC.

C. Efforts to Secure Additional Debt Financing

145. Efforts to secure additional debt financing have been ongoing. Among other things, CannaPiece Group engaged the Financial Consultant. CannaPiece Group’s Chief Investment Officer, Ali Etemadi, approached potential new investors. More recently, in anticipation of this proceeding, similar extensive efforts were made to canvas the market for an appropriate DIP lender.

F. Cash Conservation Efforts

146. As described above, the Company has made determined cost-rationalization efforts to try to improve its financial situation. These efforts have included, among other

things, the closing of subsidiaries, a reduction in full-time staff at the Pickering Facility, an increase in automation, renegotiating vendor supply agreements, changing vendors, where possible, to achieve better rates and terms, and approaching the Company's major creditors (secured and unsecured) about converting their debt, or a portion thereof, to equity.

VIII. CCAA PROCEEDINGS AND RELIEF SOUGHT

A. Need for CCAA Proceeding

147. As indicated in the Interim Cash Flow Forecast, without interim financing, the Applicants will be unable to operate in the ordinary course and payroll obligations will not be met, to the detriment of their stakeholders.

148. In consultation with their advisors, the Applicants have determined that the CCAA process is the most beneficial plan of action to maximize value for the CannaPiece Group's stakeholders.

B. Appointment of Monitor

149. The Applicants seek the appointment of BDO Canada Limited ("**BDO**") as Monitor of the Applicants in these CCAA proceedings. BDO has reviewed, and assisted in the preparation of, the Interim Cash Flow Forecast and has provided guidance and assistance in the commencement of these CCAA proceedings.

150. As a result, BDO has developed critical knowledge about the Applicants, their business operations, financial challenges, strategic initiatives and restructuring efforts to date.

151. The Company had engaged BDO Canada LLP to become the Company's new financial statement auditor; however this engagement was never ratified by the Company's board and preliminary field work never occurred. The Company recently issued a letter to BDO confirmed that BDO was never in fact the Company's auditor.

152. BDO has consented to act as the Monitor, subject to Court approval. Attached as **Exhibit "GG"** hereto is a copy of the Monitor's consent.

C. DIP Loan and DIP Lender's Charge

153. The Applicants have entered into a term sheet with Cardinal Advisory Limited, on behalf of a corporation to be incorporated (the "**DIP Lender**") dated November 2, 2022 (the "**DIP Term Sheet**"). Based on my discussions with the Company's legal and financial advisors, I believe that the terms offered by the DIP Lender are reasonable and competitive in the circumstances. A copy of the DIP Term Sheet is attached as **Exhibit "HH"**.

154. The material terms of the DIP Term Sheet are as follows:

- (a) Principal Amount: \$500,000 (the "**DIP Loan**").
- (b) Purpose of DIP Loan: to fund: (i) working capital needs of the Applicants; (ii) professional fees and expenses incurred by the Applicants and the Monitor in respect of the CCAA proceedings, in accordance with the Interim Cash Flow Forecast (as defined in the DIP Term Sheet); and (iii) Recoverable Expenses (as defined in the DIP Term Sheet).

- (c) Interest rate: 12% per annum, calculated daily on the outstanding balance owing under the DIP Loan, not in advance, and accruing and paid on the Maturity Date (as defined in the DIP Term Sheet).
- (d) Commitment Fee: \$10,000, representing 2% of the DIP Loan, payable on the Maturity Date (as defined in the DIP Term Sheet).
- (e) DIP Lender's Charge and Court Approval: The DIP Loan is to be secured by a court-ordered priority charge over all of the Applicants' present and after-acquired property, subject only to the Administration Charge. The DIP Loan will be available to the Applicants upon the issuance of the proposed Initial Order approving the DIP Term Sheet, the DIP Loan and the DIP Lender's Charge.

155. I believe that the DIP Loan is both reasonable and necessary for the Company to continue as a going concern, as evidenced by the Interim Cash Flow Forecast.

156. The DIP Lender's Charge will not secure any pre-filing obligations of the Applicants. As indicated in the Interim Cash Flow Forecast, the DIP Loan will provide the Applicants with sufficient liquidity to continue operations during the initial 10-day stay period. In the absence of the DIP Loan, the Company will not be able to sustain operations.

D. Administration Charge

157. The Applicants seek a super-priority charge over the Applicants' Property (as defined in the Initial Order) in favour of the Monitor, counsel to the Monitor and counsel to the Applicants (the "**Professionals Group**"), to secure payment of their professional

fees and disbursements, whether incurred before or after the date of the Initial Order.

158. The proposed Administration Charge being sought is for a maximum amount of \$250,000.

159. It is contemplated that the Professionals Group will have extensive involvement during the CCAA proceedings. The Professionals Group have contributed and will continue to contribute to the Applicants' restructuring efforts, and will ensure that there is no unnecessary duplication of roles among them.

160. In preparation of the Interim Cash Flow Forecast, the Applicants, in consultation with the proposed Monitor, considered the professional fees forecasted to be incurred on a weekly basis during the cash flow period. Until the week of the Comeback Hearing, the Applicants forecast to incur significant professional fees in connection with the CCAA proceedings, such as preparing for the Comeback Hearing, communicating with employees and stakeholders following the initial filing, and complying with statutory notices, mailings and communications.

161. Accordingly, I believe the quantum of the Administration Charge sought is reasonably necessary at this time to secure the professional fees of the Professionals Group.

F. Stay of Proceedings

162. Given the challenges faced by the Applicants described herein, the CannaPiece Group requires a stay of proceedings to maintain the *status quo* and to give the Applicants the breathing space they require to develop a restructuring plan in consultation with their advisors and the Monitor.

163. The proposed Initial Order contemplates a Stay Period of 10 days, which I understand is the maximum that can be authorized by a court at the initial application under the CCAA.

G. Relief to be Sought at Comeback Hearing

164. If the Initial Order is granted, then the Applicants propose to return to this Court for a Comeback Hearing on November 10, 2022.

165. At the Comeback Hearing, the Applicants intend to seek the Court's approval of an Amended and Restated Initial Order. For the benefit of this Court and the Applicants' stakeholders, this section highlights critical relief that the Applicants intend to seek at the Comeback Hearing. The Applicants may seek additional relief if determined to be necessary or advisable.

i) Extension of Stay of Proceedings

166. Applicants intend to seek an extension of the Stay Period for a sufficient length of time to allow the Applicants to conduct a sales and investment solicitation process.

ii) Critical Suppliers

167. The Applicants rely on certain service providers in their day-to-day operations. To preserve their business and maintain critical relationships, the Applicants intend to seek the Court's approval to pay certain pre-filing expenses or to honour certain cheques issued to providers of goods and services prior to the date of filing that the Applicants, with the consent of the Monitor, believe are necessary to facilitate the Applicants' ongoing operations and preserve value during these proceedings.

iv) Sales and Investment Solicitation Process (with Stalking Horse)

168. The Applicants and the DIP Lender are in the process of negotiating a purchase agreement (the “**Purchase Agreement**”) pursuant to which the DIP Lender (or its nominee) intends to (i) acquire 100% ownership of CPC within the CCAA proceedings by way of a reverse approval and vesting order; and (ii) act as a stalking horse bidder in a court-supervised sale and investment solicitation process within the CCAA proceedings.

169. In the event that the Purchased Agreement is finalized, it is anticipated that the DIP Loan will be treated as a deposit in accordance with the terms and conditions therein.

170. The Purchase Agreement will serve as a baseline for any bids received in the sales process to be measured against. In the meantime, it will also signal to the Applicants’ customers, employees and other stakeholders that business will continue as a going concern after these CCAA proceedings. Due to the nature of this business (being the timely fulfilment of significant orders from industry leading customers) it is critical to the preservation of stakeholder value that going concern operations be preserved.

171. Approval of the Purchase Agreement, as well as a stalking horse sales process and related bidding procedures, will be sought at the Comeback Hearing.

VIII. FORM OF ORDER AND CONCLUSION

172. The Applicants, with the assistance of their legal and financial advisors, have determined that the proposed CCAA proceedings represent the best available strategy

to maximize value for the CannaPiece Group's stakeholders.

173. This affidavit is sworn in support of the Applicants' application for protection pursuant to the CCAA and for no other purpose.

SWORN BEFORE ME via video-conference with the deponent in the City of Thornhill, in the regional municipality of York, in the Province of Ontario, and the Commissioner in the City of Mississauga in the Province of Ontario this 2nd day of November, 2022

DocuSigned by:
Afshin Souzankar
3E83A3E48F73488

AFSHIN SOUZANKAR

DocuSigned by:
Monica Faheim
A927328446B742A...

MONICA FAHEIM
A Commissioner for taking Affidavits (or as may be)

Note: This affidavit was commissioned via simultaneous video-conference in accordance with the *Commissioners for taking Affidavits Act*, R.S.O. 1990, CHAPTER C.17, and the Law Society of Ontario: COVID-19 Response Statement interpretation of that Act, under which (i) the identity of the deponent was confirmed from government issued identification, (ii) the commissioner administered the oath or affirmation, (iii) the deponent affixed their electronic signature to the affidavit and transmitted the full electronic affidavit, as sworn or affirmed, including exhibits to the commissioner, (iv) the deponent confirmed their electronic signature to the commissioner, (v) the commissioner affixed their electronic signature to the affidavit including exhibits.

**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
CANNAPIECE GROUP INC., CANNAPIECE CORP., CANADIAN CRAFT GROWERS
CORP., 2666222 ONTARIO LTD., 2580385 ONTARIO INC. AND 2669673 ONTARIO
INC.**

Court File No.: CV-22-00689631-00CL

Applicants

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**
Proceeding commenced at TORONTO

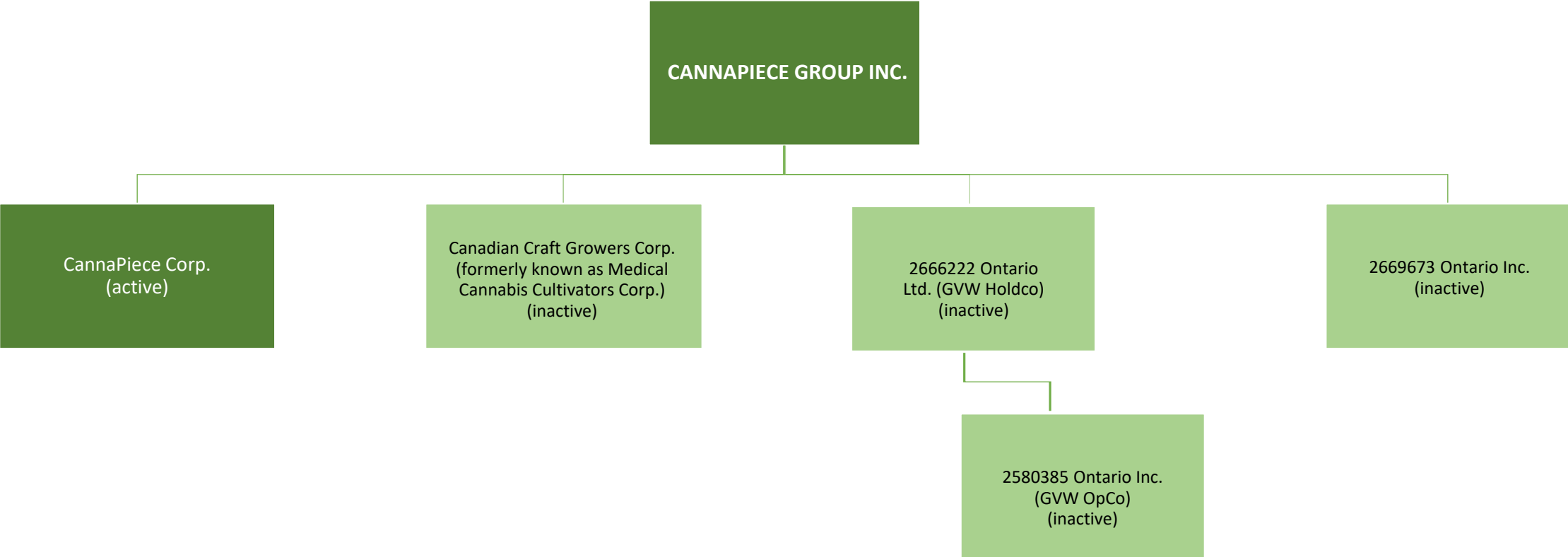
**AFFIDAVIT OF AFSHIN SOUZANKAR
(RETURNABLE NOVEMBER 3, 2022]**

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P.O. Box 1011
TORONTO, ON CANADA M5H 3S1
David S. Ward LSO #: 33541W
dward@millerthomson.com
Tel: 416.595.8625
Larry Ellis LSO#: 49313K
lellis@millerthomson.com
Tel: 416.595.8639
Monica Faheim LSO #: 82213R
mfaheim@millerthomson.com
Tel: 416.595.6087
Lawyers for the Applicants

**This is Exhibit "A" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square, white box containing a handwritten signature in black ink. The signature appears to be the initials 'mjf' written in a cursive, slanted style.

A COMMISSIONER FOR TAKING AFFIDAVITS



**This is Exhibit "B" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square, white box containing a handwritten signature in black ink. The signature consists of the lowercase letters 'm', 'j', and 'f' written in a cursive, flowing style.

A COMMISSIONER FOR TAKING AFFIDAVITS



Profile Report

CANNAPIECE GROUP INC. as of October 17, 2022

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	CANNAPIECE GROUP INC.
Ontario Corporation Number (OCN)	2646256
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	July 18, 2018
Registered or Head Office Address	100 Allstate Parkway, 302, Markham, Ontario, Canada, L3R 6H3

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name Ali ETEMADI
Address for Service 7191 Yonge St, 1101, Thornhill, Ontario, Canada, L3T 0C4
Resident Canadian Yes
Date Began July 31, 2020

Name Reza KHADEM-SHAHREZA
Address for Service 90 Garden Ave., Richmond Hill, Ontario, Canada, L4C 6M1
Resident Canadian Yes
Date Began July 22, 2021

Name Afshin SOUZANKAR
Address for Service 39 Kirk Dr, Thornhill, Ontario, Canada, L3T 3K8
Resident Canadian Yes
Date Began August 04, 2020

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Officer(s)

Name	Ali ETEMADI
Position	Other (untitled)
Address for Service	7191 Yonge St, 1101, Thornhill, Ontario, Canada, L3T 0C4
Date Began	July 31, 2020
Name	Reza KHADEM-SHAHREZA
Position	Vice-President
Address for Service	90 Garden Ave., Richmond Hill, Ontario, Canada, L4C 6M1
Date Began	July 22, 2021
Name	Jennifer QUICK
Position	Secretary
Address for Service	100 Allstate Parkway, 302, Markham, Ontario, Canada, L3R 6H3
Date Began	March 17, 2021
Name	Afshin SOUZANKAR
Position	Chief Executive Officer
Address for Service	39 Kirk Dr, Thornhill, Ontario, Canada, L3T 3K8
Date Began	August 21, 2020
Name	Afshin SOUZANKAR
Position	President
Address for Service	39 Kirk Dr, Thornhill, Ontario, Canada, L3T 3K8
Date Began	August 21, 2020

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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Corporate Name History

Name

CANNAPIECE GROUP INC.

Effective Date

July 18, 2018

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
Annual Return - 2021 PAF: Jennifer QUICK	August 10, 2022
Annual Return - 2020 PAF: Jennifer QUICK	August 10, 2022
Annual Return - 2019 PAF: Jennifer QUICK	August 10, 2022
CIA - Notice of Change PAF: JENNIFER QUICK - OFFICER	August 16, 2021
CIA - Notice of Change PAF: JENNIFER QUICK - OFFICER	March 18, 2021
CIA - Notice of Change PAF: AFSHIN SOUZANKAR - DIRECTOR	October 29, 2020
CIA - Notice of Change PAF: AFSHIN SOUZANKAR - DIRECTOR	September 11, 2020
CIA - Notice of Change PAF: AHMAD RASOULI - DIRECTOR	August 11, 2020
CIA - Notice of Change PAF: AHMAD RASOULI - DIRECTOR	August 11, 2020
Annual Return - 2018 PAF: AHMAD RASOULI - DIRECTOR	February 23, 2020
CIA - Notice of Change PAF: AHMAD RASOULI - DIRECTOR	August 19, 2019
CIA - Notice of Change PAF: AHMAD RASOULI - DIRECTOR	July 18, 2019
BCA - Articles of Amendment	July 17, 2019

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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CIA - Notice of Change PAF: AHMAD RASOULI - DIRECTOR	May 28, 2019
CIA - Notice of Change PAF: AHMAD RASOULI - DIRECTOR	January 04, 2019
CIA - Initial Return PAF: AHMAD RASOULI - DIRECTOR	July 18, 2018
BCA - Articles of Incorporation	July 18, 2018

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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**This is Exhibit "C" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square, black-and-white image of a handwritten signature, appearing to be the initials 'mjf'.

A COMMISSIONER FOR TAKING AFFIDAVITS



Profile Report

CANNAPIECE CORP. as of October 17, 2022

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	CANNAPIECE CORP.
Ontario Corporation Number (OCN)	2637539
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	May 28, 2018
Registered or Head Office Address	1725 Mcpherson Crt, 2, Pickering, Ontario, Canada, L1W 3E9

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name Ali ETEMADI
Address for Service 7191 Yonge St, 1101, Thornhill, Ontario, Canada, L3T 0C4
Resident Canadian Yes
Date Began August 21, 2020

Name Reza KHADEM-SHAHREZA
Address for Service 90 Garden Ave., Richmond Hill, Ontario, Canada, L4C 6M1
Resident Canadian Yes
Date Began July 22, 2021

Name Afshin SOUZANKAR
Address for Service 39 Kirk Dr, Thornhill, Ontario, Canada, L3T 3K8
Resident Canadian Yes
Date Began August 21, 2020

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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Active Officer(s)

Name	Ali ETEMADI
Position	Other (untitled)
Address for Service	7191 Yonge St, 1101, Thornhill, Ontario, Canada, L3T 0C4
Date Began	August 21, 2020
Name	Reza KHADEM-SHAHREZA
Position	Vice-President
Address for Service	90 Garden Ave., Richmond Hill, Ontario, Canada, L4C 6M1
Date Began	July 22, 2021
Name	Jennifer QUICK
Position	Secretary
Address for Service	100 Allstate Parkway, 302, Markham, Ontario, Canada, L3R 6H3
Date Began	March 17, 2021
Name	Afshin SOUZANKAR
Position	President
Address for Service	39 Kirk Dr, Thornhill, Ontario, Canada, L3T 3K8
Date Began	August 21, 2020
Name	Afshin SOUZANKAR
Position	Chief Executive Officer
Address for Service	39 Kirk Dr, Thornhill, Ontario, Canada, L3T 3K8
Date Began	August 21, 2020

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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Corporate Name History

Name

CANNAPIECE CORP.

Effective Date

May 28, 2018

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: JENNIFER QUICK - OFFICER	August 04, 2021
CIA - Notice of Change PAF: JENNIFER QUICK - OFFICER	March 18, 2021
CIA - Notice of Change PAF: AFSHIN SOUZANKAR - DIRECTOR	October 29, 2020
CIA - Notice of Change PAF: AFSHIN SOUZANKAR - DIRECTOR	September 11, 2020
Annual Return - 2018 PAF: RASOULI AHMAD - DIRECTOR	December 15, 2019
CIA - Notice of Change PAF: AHMAD RASOULI - DIRECTOR	November 15, 2019
CIA - Notice of Change PAF: AHMAD RASOULI - DIRECTOR	November 13, 2019
CIA - Initial Return PAF: AHMAD RASOULI - DIRECTOR	May 28, 2018
BCA - Articles of Incorporation	May 28, 2018

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Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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**This is Exhibit "D" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square box containing a handwritten signature in black ink, which appears to be the initials 'mjf'.

A COMMISSIONER FOR TAKING AFFIDAVITS



Profile Report

CANADIAN CRAFT GROWERS CORP. as of October 17, 2022

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	CANADIAN CRAFT GROWERS CORP.
Ontario Corporation Number (OCN)	2646258
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	July 18, 2018
Registered or Head Office Address	100 Allstate Parkway, 302, Markham, Ontario, Canada, L3R 6H3

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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Active Director(s)

There are no active Directors currently on file for this corporation

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

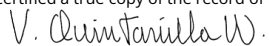
This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Officer(s)

Name Jennifer QUICK
Position Secretary
Address for Service 100 Allstate Parkway, 302, Markham, Ontario, Canada, L3R 6H3
Date Began July 22, 2021

Name Afshin SOUZANKAR
Position President
Address for Service 39 Kirk Dr, Thornhill, Ontario, Canada, L3T 3K8
Date Began July 22, 2021

Certified a true copy of the record of the Ministry of Government and Consumer Services.



Director/Registrar

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Corporate Name History

Name

CANADIAN CRAFT GROWERS CORP.

Effective Date

October 18, 2018

Previous Name

MEDICAL CANNABIS CULTIVATORS CORP.

Effective Date

July 18, 2018

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: JENNIFER QUICK - OFFICER	August 16, 2021
CIA - Notice of Change PAF: JENNIFER QUICK - OFFICER	August 16, 2021
CIA - Notice of Change PAF: JENNIFER QUICK - OFFICER	August 16, 2021
CIA - Notice of Change PAF: JENNIFER QUICK - OFFICER	August 16, 2021
CIA - Notice of Change PAF: AHMAD RASOULI - DIRECTOR	August 19, 2019
BCA - Articles of Amendment	October 18, 2018
CIA - Initial Return PAF: AHMAD RASOULI - DIRECTOR	July 18, 2018
BCA - Articles of Incorporation	July 18, 2018

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V. Quintanilla W.

Director/Registrar

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**This is Exhibit "E" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square, black-and-white image of a handwritten signature in cursive script, appearing to read 'mjf'.

A COMMISSIONER FOR TAKING AFFIDAVITS



Profile Report

2666222 ONTARIO LTD. as of October 21, 2022

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	2666222 ONTARIO LTD.
Ontario Corporation Number (OCN)	2666222
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	November 20, 2018
Registered or Head Office Address	100 Allstate Parkway, 302, Markham, Ontario, Canada, L3R 6H3

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name Afshin SOUZANKAR
Address for Service 39 Kirk Drive, Thornhill, Ontario, Canada, L3T 3K8
Resident Canadian Yes
Date Began May 01, 2020

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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Active Officer(s)

Name	Afshin SOUZANKAR
Position	President
Address for Service	39 Kirk Drive, Thornill, Ontario, Canada, L3T 3K8
Date Began	May 01, 2020

Name	Afshin SOUZANKAR
Position	Secretary
Address for Service	39 Kirk Drive, Thornill, Ontario, Canada, L3T 3K8
Date Began	May 01, 2020

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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Corporate Name History

Name

2666222 ONTARIO LTD.

Effective Date

November 20, 2018

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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Additional historical information may exist in paper or microfiche format.

Active Business Names

Name	GREEN VALLEY WELLNESS
Business Identification Number (BIN)	281208835
Registration Date	November 20, 2018
Expiry Date	November 19, 2023

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: AFSHIN SOUZANKAR - DIRECTOR	April 21, 2021
BCA - Articles of Incorporation	November 20, 2018

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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**This is Exhibit "F" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**



A COMMISSIONER FOR TAKING AFFIDAVITS



Profile Report

2669673 ONTARIO INC. as of October 21, 2022

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	2669673 ONTARIO INC.
Ontario Corporation Number (OCN)	2669673
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	December 07, 2018
Registered or Head Office Address	339 Glengarry Avenue, Toronto, Ontario, Canada, M5M 1E5

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 6

Name Laleh BIGHASH
Address for Service 339 Glengarry Avenue, Toronto, Ontario, Canada, M5M 1E5
Resident Canadian Yes
Date Began December 07, 2018

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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Active Officer(s)

Name Laleh BIGHASH
Position President
Address for Service 339 Glengarry Avenue, Toronto, Ontario, Canada, M5M 1E5
Date Began December 07, 2018

Name Laleh BIGHASH
Position Secretary
Address for Service 339 Glengarry Avenue, Toronto, Ontario, Canada, M5M 1E5
Date Began December 07, 2018

Name Laleh BIGHASH
Position Treasurer
Address for Service 339 Glengarry Avenue, Toronto, Ontario, Canada, M5M 1E5
Date Began December 07, 2018

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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Corporate Name History

Name

2669673 ONTARIO INC.

Effective Date

December 07, 2018

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
CIA - Initial Return PAF: LALEH BIGHASH - DIRECTOR	February 05, 2019
BCA - Articles of Incorporation	December 07, 2018

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

**This is Exhibit "G" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square, white box containing a handwritten signature in black ink. The signature appears to be the initials 'mjf' written in a cursive, slanted style.

A COMMISSIONER FOR TAKING AFFIDAVITS

OFFER TO LEASE

Date: October 31, 2018

To. R. Reusse Construction Co. Limited, as Lessor. I/We, CannaPiece Group, as LESSEE, having inspected the premises or Plans, hereby offers to lease the premises know as 100 Allstate Parkway, Suite 302, Markham, ON L3R 6H3 containing approximately 2,434 square feet for a term of three (3) years from ~~December~~ ^{November 15}, 2018 at a net rental rate of FORTY-ONE THOUSAND, THREE HUNDRED AND SEVENTY-EIGHT DOLLARS (\$41,378.00) per annum payable at THREE THOUSAND, FOUR HUNDRED AND FORTY-EIGHT DOLLARS AND SEVENTEEN CENTS (\$3,448.17) monthly in advance on the first day of each month during the said term. A cheque for \$12,720.70 payable to the Lessor as a deposit to be held pending completion or other termination of this agreement is submitted herewith to be credited on account of first month's net rental T.M.I. (including applicable taxes) and security deposit equivalent to last month's net rental and T.M.I. (including applicable taxes). The Lease Agreement shall be drawn by the Lessor and executed by both parties prior to occupancy. Premises to be used for Administrative Offices.

AS

1. **Additional Rent:**
 - a) The LESSEE shall pay, in addition to Net Rent, its proportionate share of Realty Taxes, operating Costs, utilities, and administration fee, and all other costs pursuant to the terms and conditions of the Lease (hereinafter collectively called "Additional Rent").
 - b) Additional Rent for the calendar year 2018 is estimated to be the sum of \$10.75 per rentable square foot of the premises per annum (including administration fee).
 - c) Additional Rent for the calendar year 2018 includes the following costs:

i)	Realty Taxes	\$3.30/sq.ft.
ii)	Operating Costs	\$3.55/sq.ft.
iii)	Utilities	\$3.90/sq.ft.
	Total	\$10.75/sq.ft.
 - d) Additional Rent is subject to adjustment from time to time throughout the term of the lease pursuant to the terms and conditions of the Lease.
 - e) Additional Rent is payable monthly in advance on the first day of each month during the term of the lease and renewal thereof in equal monthly payments.
2. **Sublet and Assign:** The LESSEE may assign or sublet said premises in whole or in part subject to the LESSORS consent; such consent shall not be unreasonably withheld or delayed.
3. **Option to Renew:** The LESSEE shall have the option to renew said Lease for a further term at a rental rate which shall be negotiated at the then fair market rate for similar space in the area provided that the LESSEE advises the LESSOR in writing of its desire to exercise said option eight (8) months prior to the expiry of the Lease Term. The LESSOR and LESSEE shall have a definitive Renewal Agreement in place no later than six (6) months prior to the expiry of the Lease Term.
4. **HST:** The LESSEE shall pay all applicable taxes (HST).
5. **Warranty:** The LESSOR, at its expense, warrants that all electrical, mechanical, plumbing, heating and air-conditioning systems will be in good working order upon and during occupancy of said premises.
6. **Credit Approval:** This Offer shall be subject to credit approval. The LESSOR shall have five (5) business days following receipt of the financial information to accept this Offer and to determine the financial strength of the LESSEE. If the Financial strength is found to be unsatisfactory, the LESSOR will notify the LESSEE and this Offer to Lease shall then become null and void and the deposit will be returned to the LESSEE forthwith.
7. **General:** It is understood and agreed by the LESSEE that it will not be given occupancy of the premises until such time as it has provided the LESSOR with the following:
 1. Executed Lease Agreement;
 2. Certificate of Liability Coverage of not less than \$2,000,000.00;
 3. Electronic Bank transfer information required by the LESSOR.

AS

Offer to Lease between
R. Reusse Construction Co. Limited and
CannaPiece Group dated October 31, 2018

SCHEDULE "A" AND SCHEDULE "B" ATTACHED HERETO SHALL FORM PART OF THIS OFFER TO LEASE.

It is further understood that all representations made by the LESSOR or any of his representatives are set out in this agreement.

This Offer shall be irrevocable by the LESSEE until Monday November 5, 2018 after which time if not accepted shall be null and void and all deposit monies hereunder shall be refunded without interest or deduction.

Dated at Thornhill this 2nd of November, 2018

Per: *Afshin Souzankar*
CANNAPIECE GROUP

AFSHIN SOUZANKAR - signing officer

Per: _____
R. REUSSE CONSTRUCTION CO. LIMITED

Schedule "A" forming part of this Offer to Lease between

R. REUSSE CONSTRUCTION CO. LIMITED, as Lessor

and

CANNAPIECE GROUP, as Lessee.

1. **Net Rent:**

AS

AS

		Per Sq.Ft.	Per Annum	Per Month
November 15	14			
December 1, 2018	to November 30, 2021	\$17.00	\$41,378.00	\$3,448.17

2. **Net Rent Free:**

The Lessee shall have one (1) month net rent free at the commencement of the lease term.

3. **Lessor's Work:**

The Lessor shall, at its expense, carry out the following work:

- (i) Paint walls (Benjamin Moore OC26 / Silver Satin);
- (ii) Install new carpet (Kraus Eurotile / Rhone 7043 01 Steel).

4. **Signage:**

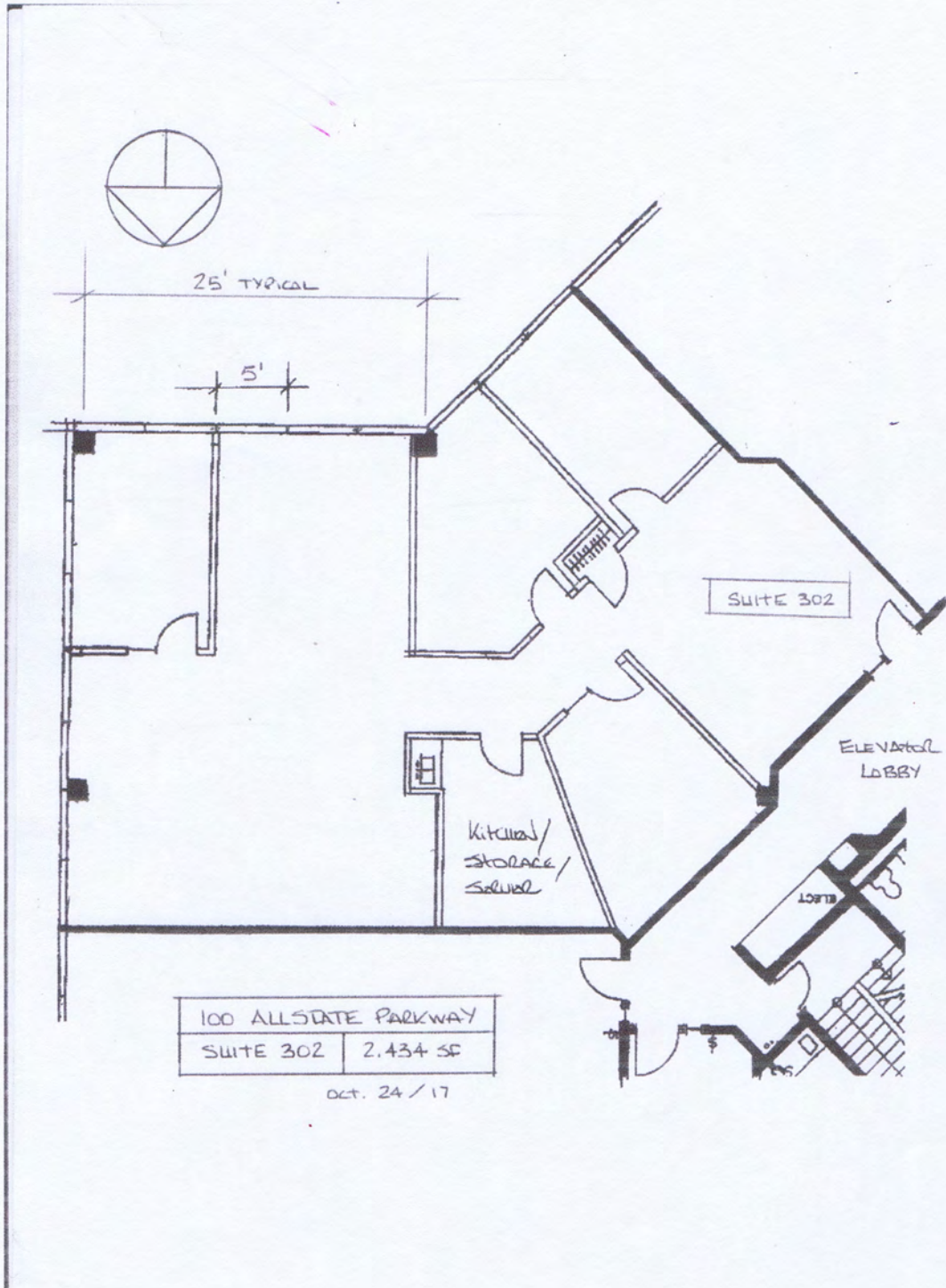
The Lessor shall, at the Lessee's expense, install signage in areas as designated by the Lessor. Signage to conform with existing signage and to be approved by the Lessor.

5. **Expansion:**

In the event that CannaPiece Group outgrows Suite 302 during the term of this Lease and relocates to larger premises within the Reusse Portfolio of buildings, Reusse will agree to release CannaPiece Group from the remainder of this Lease Agreement without penalty upon execution of a new Lease Agreement and occupancy of the new space.

AS

Schedule "B" forming part of this Offer to Lease between
R. REUSSE CONSTRUCTION CO. LIMITED, as Lessor
and
CANNAPIECE GROUP, as Lessee.



AS

**This is Exhibit "H" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square, black-and-white image of a handwritten signature, appearing to be the initials 'mgf'.

A COMMISSIONER FOR TAKING AFFIDAVITS

THIS AGREEMENT made as of the th. day of July , 2018.

BETWEEN:

2125028 ONTARIO INC.
(hereinafter called the “**Lessor**”)

OF THE FIRST PART

- and -

CANNAPIECE CORP.
(hereinafter called the “**Lessee**”)

OF THE SECOND PART

1. PREMISES

WHEREAS the Lessor is the registered owner of the lands described in Schedule “A” hereto (hereinafter called the “**lands**”) upon which lands are situate a building (hereinafter called the “**building**”) as shown on Schedule “B” hereto. Measured ANSI/BOMA Z65.2-2012 Method A

Leased premises are at:

1725 McPherson Court, Pickering, Ontario L1W 3E9

NOW THEREFORE THIS AGREEMENT WITNESSETH that the Lessor being registered as owner of the lands subject, however, to such mortgages and encumbrances as are notified by memorandum underwritten or endorsed on title thereto in consideration of the rents, covenants and agreements hereinafter reserved and contained on the part of the Lessee to be paid, observed and performed, does hereby lease unto the Lessee that portion or those portions of the building shown outlined in red on Schedule “B” hereto (hereinafter called the “**demised premises**”), the demised premises containing a certified leaseable area of 47,658 square feet;

For so long as the Lessee duly and punctually pays, performs and observes its covenants herein, the Lessee shall have the non-exclusive right to park motor vehicles in places designated by the Lessor and have access to and egress from the demised premises, in common with other lessees of portions of the building, over common driveways, roadways, sidewalks and other common areas, if any, upon the lands.

2. TERM

TO HAVE AND TO HOLD THE demised premises for and during the term of five (5) years commencing on the 1st. day of July, 2018, (hereinafter called the “**commencement date**”) and fully to be completed and ended on the 30th day of June, 2023, unless this lease is sooner terminated as hereinafter provided. Lessee shall be accorded two(2) months of Net Free Rent and that being July 1st, 2018 to August 31st, 2018 . Lessee will pay TMI for those 2 months.

3. POSSESSION OF PREMISES

The Lessee may not take possession of the demised premises or portions thereof prior to the commencement date set forth above on the terms and conditions contained in this lease, unless mutual agreement between Lessor and Lessee

4. RENT

The Lessee shall pay to the Lessor for each and every year of the term as basic rent the following:

PERIOD OF TERM	ANNUALLY	MONTHLY
July 1st, 2018 to June 30th, 2020	\$288,276.45	\$24,023.04
July 1st, 2020 to June 30th, 2022	\$300,188.70	\$25,015.73
July 1st, 2022 to June 30th, 2023	\$312,100.95	\$26,008.41

payable by equal monthly instalments in advance of the first day of each and every month in each and every year during the said term, the first of such monthly instalments to be paid on September 1st, 2018.

The basic rent is based upon a rental rate per square foot per annum of:

PERIOD OF TERM	RATE
Years 1 – 2	\$6.05 /sq. ft.
Years 3-4	\$6.30 /sq. ft.
Year 5	\$6.55 /sq. ft.

THE LESSEE COVENANTS AND AGREES WITH THE LESSOR AS FOLLOWS:

5. RENT AND INTEREST

To pay to the Lessor or the tenant by the lessor its order in lawful money of Canada, at the office of the Lessor hereinafter set forth, or at such other place as the Lessor may in writing direct, without notice or demand, except as otherwise specifically provided herein, and without deduction or set-off for any reason whatsoever a rent comprised of:

- (a) the basic rent hereby reserved in the manner herein provided; and
- (b) the additional rent, being all other amounts which become due and payable to the Lessor from time to time pursuant to the terms of this lease; This amount estimated to be \$2.95 per square foot (2018). This \$2.95 c per square foot consists of TMI costs.

all of which amounts shall be payable and recoverable as rent.

(c) LESSEE shall deposit first month's rent (\$40,382.53) and last month's rent as a security deposit of \$42,626.00 to cover damages that may occur specific to the Lessee's industry.

To pay to the Lessor or the tenant by the lessor interest at a rate equal to the prime bank lending rate from time to time charged by the Lessor's bank plus four (4%) per cent per annum on all arrears of basic rent or additional rent owing to the Lessor and all other sums payable by the Lessee to the Lessor pursuant to the terms hereof from the date of default in the payment thereof, or where the Lessor expends money hereunder and is entitled to recover the same from the Lessee, from the date the amount was expended or incurred by the Lessor, until payment is received by the Lessor.

6. NET LEASE

That this lease is a net lease and the basic rent referred to above is to be received by the Lessor free of all outgoings whatsoever

7. UTILITIES & OTHER SERVICES

To pay and discharge as the same fall due during the term all charges for garbage removal, janitorial services and maintenance respecting the demised premises and all charges for utilities, including telephone installations, water, electrical power, gas and telephone charges metered separately or charged separately to the Lessee by the Lessor or by the authority providing the same to the demised premises, as well as any charges of such authority based on the foregoing for treatment or other facilities, and all like charges or rates and business taxes, and all floor space and personal property taxes, license fees, or other like taxes or fees which may be imposed by any municipal, legislative or other authority upon or in respect of any personal property situated thereon, as the same are assessed and fall due.

To pay to the Lessor from time to time upon demand any charges attributable to the Lessee for garbage removal contracted for by the Lessor with respect to the lands and buildings.

8. TAXES, ETC.

(a) To pay to the Lessor in the manner in this Clause 8 provided a percentage of the real property taxes (including local improvement charges and school taxes), assessments and outgoings, and any taxes, levies or rates whatsoever that accrue during the term hereof against or related to the lands and building being calculated as the aggregate, without duplication, of:

(i) the Lessee's proportionate share (as determined in accordance with paragraph 9(a)) of such real property taxes, or alternatively, at the Lessor's option, the amount obtained by multiplying the appropriate commercial mill rate or rates for the year by the assessed value of the demised premises as determined by a lawful public authority; provided that if for any such year such assessed value of the demised premises is not available then the Lessor shall determine the assessed value on an equitable basis using such information and data as is available; and

(ii) the Lessee's proportionate share, (as determined in accordance with paragraph 9(a)) if any, of such real property and related taxes applicable to the common areas and facilities of the building and the lands, including corporation capital taxes and the reasonable cost to the Lessor of any appeals against the validity or amount of any of the foregoing, all such taxes, levies or rates (including local improvement charges and school taxes), assessments and other outgoings levied in any calendar year and such costs of appeal to be deemed to accrue from day to day during that calendar year unless specifically stated to accrue otherwise in the enabling legislation related thereto.

(b) Prior to, or as soon as possible after, the commencement of any period determined upon, from time to time, by the Lessor (which period shall not exceed twelve (12) months in duration nor exceed the term of this lease in duration) the Lessor shall provide the Lessee with an estimate of the aforesaid taxes, levies or rates (including local improvement charges and school taxes), assessments, other outgoings and such costs of appeal for such period and indicate the amount thereof which will be payable and contributable by the Lessee. The Lessee shall pay to the Lessor the amount so calculated in specified monthly amounts (as determined by the Lessor) in advance throughout such period at the time set for payment of the basic rent pursuant to this lease. The amounts of the estimated taxes, levies or rates (including local improvement charges and school taxes), assessments, other outgoings and such costs of appeal may be adjusted from time to time, during such period by the Lessor giving notice in writing thereof to the Lessee in which event the remaining payments to be made by the Lessee as aforesaid in such period shall be so adjusted.

(c) Within a reasonable length of time after the end of each such period, the Lessor shall furnish to the Lessee a statement of the actual taxes, levies or rates (including local improvement charges and school taxes), assessments, other outgoings and such costs of appeal and the amount thereof payable by the Lessee in accordance with this Clause 8. Appropriate adjustments with respect to the Lessee's share thereof shall be made between the parties, if necessary, within fourteen (14) days after receipt of such statement by the Lessee.

(d) The Lessee shall from time to time if requested by the Lessor pay to the Lessor forthwith on demand by the Lessor an amount equal to any increase in the costs referred to in Clause 8(a) by reason of any installation, alteration or use made in or to the demised premises by or for the benefit of the Lessee or any party claiming by or through the Lessee or by reason of any designation permitted by law by the Lessee of school taxes to the separate school system.

(e) In addition to the taxes hereinbefore set out, the Lessee shall pay as additional rent to the Lessor, at the same time as the Lessee shall make payment of either or both or basic rent and/or additional rent, all Goods and Services Tax payable with respect to such basic rent and/or additional rent pursuant to the *Excise Tax Act* (Canada).

9. OPERATION AND MAINTENANCE COSTS

(a) To pay to the Lessor, in the manner in this Clause 9 provided, an amount calculated by the Lessor that is equal to a percentage of general operation and maintenance costs during the term of this lease of the lands and the building which percentage is equal to the percentage that the area of the demised premises is of the gross leasable area of the building. For the purposes of this lease general operation and maintenance costs include without limitation all costs, charges and expenses incurred, approved, or attributed by the Lessor to manage, operate, service, maintain, clean, supervise, police, insure, replace, repair, own, lease and keep in good order and safe condition the lands, the building, and improvements and equipment thereon and the costs of all utilities not billed separately by the authority providing the same (or the Lessor) to lessees of portions of the building, and the reasonable management and administrative service costs and fees incurred or invoiced by the Lessor in connection with the general operation, maintenance and management of the lands and building plus a 15% management fee. The percentage is $47658/150000 = 31.77\%$

(b) Prior to, or as soon as possible after, the commencement of any period determined upon, from time to time, by the Lessor (which period shall not exceed twelve (12) months in duration nor exceed the term of this lease in duration) the Lessor shall provide the Lessee with an estimate of the general operation and maintenance costs for such period and indicate the amount thereof which will be payable and contributable by the Lessee. The Lessee shall pay to the Lessor the amount so calculated in specified monthly amounts (as determined by the Lessor) in advance throughout such period at the time set for payment of the basic rent pursuant to this lease. The amount of the estimated general operation and maintenance costs as aforesaid may be adjusted, from time to time, during such period by the Lessor giving notice in writing thereof to the Lessee in which event the remaining payments to be made by the Lessee as aforesaid in such period shall be so adjusted.

(c) Within a reasonable length of time after the end of each such period the Lessor shall furnish to the Lessee a statement of the Lessor's actual general operation and maintenance costs during such period showing in reasonable detail the information relevant and necessary to the calculation and determination of these amounts and the amount thereof payable by the Lessee in accordance with this Clause 9. Appropriate adjustments with respect to the Lessee's share of the general operation and maintenance costs shall be made between the parties, if necessary, within fourteen (14) days after receipt of such statement by the Lessee. The Lessee may, during the three (3) months immediately following the receipt of the Lessor's statement as aforesaid, at its sole expense, inspect, subject to the inspection being reasonable in all the circumstances, any record kept or held by the Lessor of the costs or expenses claimed by the Lessor under this Clause 9 for such period and the Lessor shall make its said records available accordingly to the Lessee, PROVIDED ALWAYS that such right of inspection and any right of the Lessee to question the amount or allocation of the general operation and maintenance costs for a period shall cease and determine upon the expiration of the aforesaid three (3) months following such period.

(d) To the extent that the Lessor, acting reasonably, determines that an item included in general operation and maintenance costs relates to only a portion of the building, the Lessor may allocate such item to such portion, in which event the percentage of such cost payable by the Lessee, if the demised premises are within such portion, shall be calculated in relation to the gross leasable area of all premises within such portion.

10. INCREASE IN COSTS

To pay to the Lessor on demand the amount equal to any increase in the costs referred to in Clause 9 immediately preceding, by reason of any installation, alteration or use made in or to the demised premises by or for the benefit of the Lessee or to pay, where such installation, alteration (example for Electrical usage) or use is for the benefit of the Lessee and other lessees of premises on the lands, such share of such costs as may be reasonably allocated by the Lessor.

(a) In determining whether any increased insurance premiums are the result of any installation, alteration or use made in or to the demised premises by or for the benefit of the Lessee, a schedule or rate calculation issued or provided by the company providing such insurance showing the various components of the rate shall be deemed to be conclusive evidence thereof.

11. CALCULATIONS

Unless otherwise determined at the initiative of the Lessor by an architect selected by the Lessor, for all purposes of this lease the area of the demised premises shall be as set forth in Clause 1 hereof. For all purposes of this lease the gross leaseable area of the building on the lands shall be the amount determined upon by the Lessor or an architect selected by the Lessor as the gross leaseable floor area of the building.

12. COMPLY WITH INSURANCE

Not to allow anything to be done, kept, used or sold upon or about the demised premises which contravenes any of the Lessor's insurance policies or which would prevent the Lessor from procuring any such policy with companies acceptable to the Lessor. If any insurance policy upon the building or any part thereof is cancelled or threatened by the insurer to be cancelled, or the coverage thereunder reduced or threatened to be reduced by the insurer, or if such insurance policy is not obtainable by reason of the use and occupation of the demised premises or any part thereof by the Lessee or any assignee or sub-tenant of the Lessee or by anyone permitted by the Lessee to be upon the demised premises, and if the Lessee fails to remedy the condition giving rise to cancellation, threatened cancellation, reduction or threatened reduction in coverage or refusal to cover within twenty four (24) hours after notice thereof by the Lessor, the Lessor may, without limiting any other remedies it may have pursuant to this lease or at law, enter the demised premises and remedy the condition giving rise to the cancellation or reduction or threatened cancellation or threatened reduction or refusal to cover and the Lessee will pay to the Lessor the cost thereof upon demand and the Lessor shall not be liable for any inconvenience, disturbance, loss of business or other damage resulting from such entry and remedying.

13. GOOD & SUBSTANTIAL REPAIR

(a) To keep, at the expense of the Lessee, at all time during the term the demised premises and all improvements and services therein in a clean and sanitary condition and in good order and substantial repair as would a careful and prudent owner, and to replace any broken glass or doors in the demised premises and at the end or sooner termination of the lease, to peaceably surrender and yield up the demised premises in good order and substantial repair and condition, reasonable wear and tear to the extent that the same does not render any mechanical or electrical component unworkable, damage by fire, storm, tempest or other casualty excepted. The Lessee shall be responsible for all repairs, maintenance and periodic decoration with respect to the demised premises including any damage caused by theft, robberies or break-ins, and will promptly, at its expense, carry out any and all repairs required thereto. The Lessee shall be responsible for all janitorial services respecting the demised premises, including the washing of windows therein both inside and outside.

(b) Without limiting the generality of Clause 13(a) the Lessee shall maintain in good order and condition to the satisfaction of the Lessor, the heating, sprinkler, electrical, mechanical and air conditioning systems, if any, in or serving the demised premises and to operate, repair and replace, all subject to exceptions in paragraph 13(a) hereof, the systems and all parts when necessary throughout the term of the lease.

PROVIDED HOWEVER, that the Lessor may at its sole option, from time to time, elect by written notice to the Lessee to carry out or have carried out at the expense and in the name of the Lessee the Lessee's obligations pursuant to this Clause 13(b) for such periods of time as the Lessor may determine, and the cost thereof shall be payable to the Lessor (or such other person designated by the Lessor) by the Lessee forthwith on demand.

14. ENTRY TO INSPECT

To permit the Lessor or its agents at all reasonable times to enter the demised premises to view the state of repair and the Lessee shall forthwith, after the receipt of written notice thereof (or within such reasonable time thereafter if for any cause beyond the control of the Lessee it is not reasonable in the circumstances, it being understood that lack of finances on the part of the Lessee shall not be treated as a cause beyond the Lessee's control), commence and diligently

proceed to make such repairs and replacements as the Lessee may be obligated to make and in the event of the Lessee's failure or neglect so to do, the Lessor or its agents may enter the demised premises and, at the Lessee's expense, perform and carry out such repairs or replacements and the Lessor in so doing shall not be liable for any inconvenience, disturbance, loss of business or other damage resulting therefrom and in the event the Lessor expends any monies pursuant to this clause the Lessee will pay the same on demand together with interest thereon at the aforesaid rate. Lessor shall give Lessee 24 hours appointment notice except in an emergency or as restricted due to Lessee's Licence obligations to the lawful authority.

15. QUALITY OF REPAIR

That all repairs and replacements made by the Lessee to the demised premises shall be of a quality and class at least equal to the original and shall become the property of the Lessor absolutely and a part of the demised premises.

16. NUISANCE, WASTE, RUBBISH, KEEP CLEAN, ETC.

Not to use or occupy the demised premises or suffer or permit the same to be used or occupied for any unlawful purpose; or for any dangerous, noxious or offensive trade or business; or for any purpose likely to cause any public or private nuisance or to endanger the general public or neighbouring properties, tenants or tenements nor undertake any operation likely to cause the same; nor to commit or suffer to be done any waste, damage or disfigurement or injury to the buildings or other part of the lands or any improvement thereon nor to permit or suffer any overloading of the floors therein. The Lessee and Lessor shall keep the lands and building free of all of its garbage, rubbish or used or other material and shall not store or allow the same to be stored or accumulate on or about the lands. The Lessee shall keep all sidewalks and other areas in front of, beside and behind the demised premises free of snow and ice.

17. USE

To use the demised premises throughout the term solely for the growth, manufacture storage, and distribution of Marijuana and ancillary products thereto, and the Lessee will not use or permit the use of the demised premises for any other business or purpose. The Lessee shall have the right to use the premises for any and all uses carried out by Lessee and sister companies, so long as permitted by law, current restrictions of record, and applicable zoning ordinances.

18. ORDINANCES & REGULATIONS

To observe and fulfil the provisions and requirements of all statutes, orders-in-council, by-laws, rules and regulations, municipal, parliamentary or by other lawful authority, relating to the state or use of the demised premises and improvements therein or presence of hazardous or toxic substances or chemicals in the demised premises and improvements therein and, without limitation thereto, to comply with any applicable lawful regulation or order of The Canadian Underwriters Association or any body having similar functions or any liability or fire insurance company by which the Lessor or Lessee may be insured, and that all fines, charges, costs, damages, or other expenses resulting from the default or infringement of, or changes in the demised premises required to comply with the above mentioned shall be borne by the Lessee.

The Lessee shall during the whole term of Lease comply with all statutes, regulations, rules and licencing obligations imposed by any and all Municipal, provincial, federal or other lawful authority, relating to the growth, manufacture, distribution and/or sale of Marijuana or for any other use of the demised premises allowed by the Lessor under the terms of this Lease. The Lessee shall on each anniversary date of this Lease and at any other reasonable time as requested in writing by the Lessor, provide proof of compliance with any and all regulatory bodies as required by law (such proof includes but is not limited to providing copies of any and all licences issued by any Government authority).

19. ASSIGNING & SUB-LETTING

Not, in any circumstances, to assign or transfer this lease or any term or portion thereof, or let or sub-let all or any part of the demised premises or grant any license with respect thereto without the written consent of the Lessor first being had and obtained, such consent not to be unreasonably withheld; **PROVIDED HOWEVER**, that any such assignment, transfer, letting, sub-letting or licensing shall not affect the obligation of the Lessee to perform the covenants in this lease contained.

The Lessee shall, when requesting the Lessor's prior written consent to any assignment, transfer, sub-letting, or licensing, forward to the Lessor a copy of those terms and conditions relating to the same and the Lessor's consent, if granted, shall not preclude the Lessor from the right to approve any further assignment, transfer, sub-letting or licensing, and **PROVIDED FURTHER**, as a term of such consent the Lessor may require the Lessee, assignee, transferee, sub-lessee or licensee to covenant directly with the Lessor to observe, perform and comply with, and indemnify, the Lessee's obligations contained or referred to in this lease all upon such conditions and agreements as the Lessor's solicitors may require, acting reasonably. In the event of such assignment, transfer, sub-letting, or licensing all monies payable by the assignee, transferee, sub-lessee, or licensee shall, at the option of the Lessor, be paid directly to the Lessor, who shall credit the same as and when received to payments required and reserved hereunder. The Lessor shall, in addition thereto, be entitled to receive any excess of such monies over and above monies payable and reserved hereunder.

Notwithstanding anything to the contrary contained in this lease, the Lessor may, upon receiving the Lessee's request for its consent to any assignment, transfer, sub-lease, or license, at its option, within thirty (30) days of its receipt of the request for such consent, by written notice to the Lessee cancel this lease or part thereof affected by such assignment, transfer, sub-lease, or license as of and from the date at which the Lessee wishes to assign, transfer, sub-let, or license; **PROVIDED** that the Lessee shall have five (5) days from the date of its receipt of such written notice to deliver a written revocation of such request for consent to the Lessor, in which event the Lessor's right to cancel pursuant to the provisions of this clause shall be deemed to have lapsed until the next such request.

If the Lessee is a corporation, other than a corporation the shares of which are listed on any recognized stock exchange, effective control of the corporation shall not be changed directly or indirectly by a sale, encumbrance or other disposition of shares or otherwise howsoever without first obtaining the written consent of the Lessor; provided that the Lessor's consent shall not be unreasonably withheld and may be subject to such conditions and agreements as the Lessor's solicitors may require, acting reasonably.

20. INDEMNIFICATION

Notwithstanding any other provisions of this lease to the contrary, to indemnify and save harmless the Lessor from any and all liabilities, damages, costs, claims, suits or actions resulting from:

- (a) any breach, violation or non-performance of any covenant, condition or agreement in this lease set forth and contained on the part of the Lessee to be fulfilled, kept, observed and performed;
- (b) any damage to property, including property of the Lessor, occasioned by the operations of the Lessee's business on, or the Lessee's use or occupation of the demised premises, the building or the lands;
- (c) any injury to person or persons, including death, resulting at any time therefrom, occasioned by the operation of the Lessee's business on, or the Lessee's occupation or use of, the demised premises, the building or the lands;

to the extent that the same is not recoverable by the Lessor under any policy of insurance carried by the Lessor and required by the terms of this lease to contain a waiver of subrogation in favour of the Lessee, such indemnifications to survive the expiration or sooner termination of the term hereof, notwithstanding anything herein contained to the contrary.

21. LESSEE'S INSURANCE

That it shall during the whole of the term maintain the following insurance at the Lessee's sole expense in such form and with such companies as the Lessor may reasonably approve:

- (i) Comprehensive General Liability Insurance against claims for bodily injury, including death, and property damage or loss arising out of the use and/or occupation of the demised premises, or the operation of the Lessee's business on or about the demised premises. Such insurance shall be in the joint names of the Lessor and Lessee so as to indemnify and protect both the Lessor and the Lessee and shall contain a "cross liability" or "severability of interests" clause so that the Lessor and the Lessee shall be insured in the same manner and to the same extent as if individual policies had been issued to each; and shall be for the amount of not less

than \$5,000,000 (or such other amount as the Lessor may from time to time request) combined single limit;

(ii) All Risk Insurance on its merchandise, stock in trade, furniture, trade fixtures, tenant improvements and partitions on the demised premises and other property to the full replacement value thereof in the joint names of the Lessor and the Lessee as respects tenant improvements and partitions;

(iii) Business interruption insurance for a minimum period of twenty four (24) months in an annual amount that will reimburse the Lessee for losses of earnings and extra expenses attributable to all perils insured against in paragraph (ii) above or attributable to prevention of access to the demised premises of the building as a result of such perils;

(iv) Insurance against such other risks and on such other terms as may be required by the Lessor.

The policies of insurance referred to above shall, to the extent obtainable, contain the following:

(i) Any protection available to the Lessor shall continue notwithstanding any act, neglect or misrepresentation of the Lessee which might otherwise result in the avoidance of a claim thereunder; nor shall they be affected or invalidated by any act, omission or negligence of any third party which is not within the knowledge or control of the insured(s);

(ii) Such policies of insurance shall not be cancelled without the insurers providing to the Lessor thirty (30) days' prior written notice stating when such cancellation shall be effective.

All property insurance shall provide for a waiver of the insurer's rights of subrogation as against the Lessor.

Evidence of all such insurances shall be provided to the Lessor promptly upon request.

The requirements imposed on the Lessee in this Clause 21 respecting the obtaining and maintaining of insurance shall not in any manner limit or derogate from any other obligations imposed on the Lessee pursuant to this lease or at law.

22. PREMIUMS

To forward to the Lessor satisfactory evidence as to the existence of any such insurance policy referred to in Clause 21 prior to the taking of possession by the Lessee of the demised premises and at least fifteen (15) days prior to the expiration date recited in any such policy. If the Lessee fails to insure, keep insured, or provide proof of insurance as herein provided, the Lessor shall be at liberty to effect such insurance and pay the premium thereof and the Lessee shall, on demand, pay the cost thereof to the Lessor.

23 DAMAGE

That it will not bring upon the demised premises, the building, the lands, or any part thereof any vehicles, machinery, equipment, safes, chemicals, gas, articles or things that by reason of their weight, size, presence or use might damage the floors or other improvements on the demised premises, the buildings or the lands and that if any damage is caused to the demised premises, the building or the lands by any such vehicle, machinery, equipment, chemicals, gas, article or thing, or by such overloading or by any act, neglect or misuse on the part of the Lessee or any of its servants, agents or employees or any person having business with the Lessee, the Lessee, to the extent that the cost thereof is not recoverable by the Lessor under any policy of insurance carried by the Lessor and required by the terms of this lease to contain a waiver of subrogation in favour of the Lessee, will at the election of the Lessor either forthwith at the sole cost of the Lessee repair such damage or pay the cost of repair to the Lessor.

THE LESSOR COVENANTS AND AGREES WITH THE LESSEE AS FOLLOWS:

24 QUIET POSSESSION

Upon the Lessee paying the rent hereby reserved and all other charges herein provided and observing, performing and keeping the covenants and agreements herein contained, the

Lessee shall and may peaceably possess and enjoy the demised premises for the term hereby granted.

25 REPAIRS BY LESSOR

To carry out as soon as possible in the circumstances after receipt of notice thereof in writing from the Lessee, structural repairs to footings, structural columns, foundation, and exterior walls which interfere with or impair the use or occupancy of the demised premises by the Lessee; **PROVIDED HOWEVER**, that if such repairs are necessitated by the acts, negligence or misconduct of the Lessee, its servants, agents, contractors, licensees, employees or others for whom in law the Lessee is responsible, the Lessee shall pay to the Lessor on demand the cost of such repairs and interest thereon from the date of expenditure thereof by the Lessor until paid by the Lessee to the extent the cost thereof is not recoverable from insurance carried by the Lessor and required by the terms hereof to contain a waiver of subrogation. **PROVIDED** that the Lessor shall not be responsible for any damages, loss or injuries sustained by the Lessee, or any persons claiming through or under it, by reason of such defects or the consequences thereof, including the inconvenience occasioned to the Lessee by the entry of the Lessor or its agents on the demised premises to effect such repairs.

26 LESSOR'S INSURANCE

It will insure and keep insured the building together with any improvements, additions or alterations thereto belonging to the Lessor (but excluding the Lessee's trade fixtures, tenant improvements and partitions located in the demised premises, merchandise, stock in trade, furniture, or other property) against loss or damage by fire and other risks included in an all risks property policy to the extent of the full replacement cost thereof; **PROVIDED HOWEVER**, that the Lessor may also obtain and maintain insurance for other perils or liabilities, including rental loss insurance and boiler and pressure vessel insurance, related to the lands, building or improvements or the Lessor's interest therein, which other insurance shall be in the Lessor's discretion; **PROVIDED FURTHER**, that such policies may have such deductibles as the Lessor shall determine. Any such policy of property insurance for which the Lessee pays a portion of the premiums shall, to the extent obtainable, contain a waiver of subrogation as against the Lessee. Nothing contained in this Clause 26 shall derogate from the Lessee's covenant contained in Clause 12 hereof.

27 TAXES

The Lessor shall, from time to time, pay or cause to be paid the taxes, levies or rates (including local improvement charges and school taxes), assessments and other outgoings referred to in Clause 8 hereof, **PROVIDED HOWEVER**, that nothing contained in this Clause 27 shall derogate from the Lessee's covenant contained in Clause 8 hereof. The Lessor may defer any such payments or compliance to the fullest extent permitted by law so long as it pursues in good faith any contest or appeal of any such taxes with reasonable diligence.

THE LESSOR AND THE LESSEE FURTHER COVENANT AND AGREE AS FOLLOWS:

28 DAMAGE & DESTRUCTION

(a) If the demised premises or the building shall at any time during the term hereof granted be damaged or destroyed by fire, lightning, tempest or other peril insured against by the Lessor, so as:

(iii) the same is/are damaged or destroyed, to the extent that the same cannot with reasonable diligence be rebuilt, repaired or restored within one hundred and twenty (120) days of the date of such damage or destruction (which determination shall be made in the opinion, in writing, of an architect selected by the Lessor, which written opinion shall be delivered to the Lessee within thirty (30) days of the occurrence of such damage) then the Lessor may terminate this lease by notice in writing to the Lessee given within thirty (30) days of the occurrence of such damage and on the giving of such notice, the rent hereby reserved shall be forthwith payable by the Lessee only to the date of such damage or destruction and the term hereby granted shall immediately terminate and the Lessor may forthwith re-enter and take possession of the demised premises and deal with the same as fully and effectively as if these presents had not been entered into. But if within the said period of thirty (30) days the Lessor shall not give notice terminating this lease, then as soon as reasonably practicable thereafter the Lessor shall undertake or continue the repair of the same with all reasonable diligence and the basic rent hereby reserved,

or a proportionate part thereof depending upon the proportion of the demised premises that are not fit for use by the Lessee for the intended purpose of the lease, shall abate until the demised premises have been rebuilt and made ready for the work to be carried out by the Lessee.

(iv) the same is/are damaged or destroyed to the extent that the same can, with reasonable diligence, be rebuilt, repaired or restored within one hundred and twenty (120) days of the date of such damage and destruction (which determination shall be made in the opinion, in writing, of an architect selected by the Lessor, which written opinion shall be delivered to the Lessee within thirty (30) days of the occurrence of such damage), the Lessor shall as soon as reasonably practicable after such determination undertake or continue the repair of the same with all reasonable diligence provided, however, that nothing herein contained shall impose any obligation upon the Lessor to complete such repair within the period of one hundred and twenty (120) days and the basic rent hereby reserved, or a proportionate part depending upon the proportion of the demised premises that are not fit for use by the Lessee for the intended purpose of this lease, shall abate until the demised premises have been rebuilt and made ready for the work to be carried out by the Lessee.

(b) For greater certainty it is agreed that the expressions "building" and "demised premises" shall be deemed not to include the Lessee's trade fixtures, tenant improvements and the partitions in the demised premises, merchandise, stock in trade, furniture or other property.

(c) If the Lessor rebuilds the demised premises as contemplated in this Clause 28, it will not be required to reproduce exactly the condition and configuration of the demised premises that existed before the damage, provided that it reproduces the same to a comparable condition and configuration.

(d) The certification of the Lessor's representative in charge of the rebuilding will bind the parties hereto as to the state of usability of the demised premises and to the date upon which the Lessor's work is completed and the demised premises fit for the purpose of the Lessee's work. The Lessee shall thereafter undertake and complete, at its expense, all work required to finish the demised premises, including the Lessee's improvements and all partitions in the demised premises, to permit the Lessee to reopen for business therein as promptly as possible.

(e) Notwithstanding any of the foregoing provisions of this Clause 28 to the contrary, in the event that the damage or destruction referred to above is caused by the negligence or misconduct or act of the Lessee, its servants, agents, contractors, licensees, employees or other persons for whom in law the Lessee is responsible, to the extent that the amount of liabilities, damages, costs, claims, suits, or actions of any nature whatsoever suffered by the Lessor as a result of such damage or destruction are not recoverable pursuant to insurance policies carried by the Lessor and required by the terms of this lease to contain a waiver of subrogation, the Lessee shall indemnify and save harmless the Lessor and this indemnity shall survive the expiration or sooner termination of the lease.

29 ALTERATIONS & IMPROVEMENTS

PROVIDED HOWEVER, that no alterations, improvements, partitions, or changes of whatsoever kind shall be made without the written consent of the Lessor first had and obtained, such consent not to be unreasonably withheld; **PROVIDED FURTHER**, that any such repairs, alterations, improvements, partitions, or changes of whatsoever kind shall be made in a good and workmanlike manner with new, first-class materials and shall be carried out and the plans relating thereto shall be prepared by such tradesmen, engineers or consultants as are approved by the Lessor, which approval shall not be unreasonably withheld. All alterations, improvements, partitions and changes made in or to the demised premises at any time before or after the taking of possession by the Lessee, by the Lessee or the Lessor, shall immediately become the property of the Lessor and form part of the demised premises and the building, **PROVIDED ALWAYS** that the Lessor may at the expiration or sooner termination of this lease require that the Lessee promptly at the Lessee's expense remove from the demised premises all trade fixtures, furnishings, alterations, improvements and partitions therein all as specified by the Lessor in writing, and the Lessee shall make good any damage caused by the said removal.

All trade fixtures installed in the demised premises by the Lessee and all other property not attached or affixed to the demised premises other than by its own weight and installed in the demised premises by the Lessee shall remain the property of the Lessee and shall not form a part of the demised premises during the term of this lease **PROVIDED** that no such trade fixtures which are attached or affixed to the demised premises other than by their own weight shall be removed from the demised premises during the term unless replaced by trade fixtures of

comparable value. At the expiration or sooner termination of the term of this lease all trade fixtures attached or affixed to the demised premises other than by their own weight and other than for those excepted fixtures with respect to which the Lessor, prior to their installation, granted to the Lessee a right of removal at the expiration or sooner termination of the lease, shall become the sole property of the Lessor; **PROVIDED HOWEVER**, that the Lessor may at the expiration or sooner termination of this lease require that the Lessee remove any such fixtures and restore the demised premises in whole or in part to the same condition in which they were at the time of entering into this lease, the exceptions to the Lessee's repair obligations only excepted.

30 SIGNS

No signs shall be installed in or on the demised premises or the building or the lands without the consent of the Lessor, and, in any event, all signs shall conform to building standard as to size and design, shall be installed by the Lessee and, at the termination of this lease, shall be removed by the Lessee and any damages caused by such removal shall be repaired, all at the expense of the Lessee. All such signs shall require the written consent of the Lessor as to location and design before their installation and shall conform to all applicable codes or statutes.

31 NO LIENS

The Lessee shall not suffer or permit during the term of this lease any builder's liens or other liens for work, labour, services or material ordered by it or for the cost of which it may in any way be obligated, to attach to the demised premises or any portion thereof, or to any improvements erected upon the same, and that whenever and so often as any such lien or liens shall be filed or shall attach, the Lessee will within fifteen (15) days thereafter either pay the same or procure the discharge thereof by giving security or in such other manner as is or may be required or permitted by law.

In the event the Lessee fails to take such action as aforesaid, the Lessor may, but not be obliged to, take such action as may be necessary to procure the discharge of such lien (including payment of amounts claimed by the lien claimant) and the Lessee shall forthwith upon demand from the Lessor pay the Lessor any and all expenses and amounts, including legal fees, so incurred in discharging any such lien.

32 TIME FOR PAYMENT AND LEGAL COSTS

All amounts required to be paid by the Lessee to the Lessor pursuant to this lease shall, unless otherwise specified herein, be payable on demand at the place and to the person designated by the Lessor for payment of rent and if not so paid shall be treated as rent in arrears and the Lessor may, in addition to any other remedy it may have for the recovery of the same, distrain for the amount thereof as rent in arrears.

In the event that the Lessee shall make default in payment of any sums required to be paid by it under this lease (other than payments to the Lessor), the Lessor may pay the same.

Unless otherwise expressly provided herein all sums referred to in the preceding paragraph of this Clause 32 and all costs paid by the Lessor as between solicitor and client on account of any default by the Lessee under this lease, shall be payable by the Lessee to the Lessor forthwith, either before or after payment by the Lessor with interest thereon at the rate aforesaid from date of payment of such sums or costs by the Lessor. The Lessor may, by notice to the Lessee, demand payment thereof and if not so paid by the Lessee upon such demand, the amount thereof shall be deemed to be rent in arrears and the Lessor may, in addition to any other remedy it may have for the recovery of the same, distrain for the amount thereof as rent in arrears.

33 DEFAULT

If and whenever:

- (i) the basic rent hereby reserved, or any part thereof, be not paid when due, or there is non-payment of any other sum which the Lessee is obligated to pay under any provisions of this lease, provided the Lessor has given five (5) days notice of such non-payment; or

(ii) the term hereby granted, or any goods, chattels or equipment of the Lessee, shall be taken or be exigible in execution or in attachment or if a writ of execution shall issue against the Lessee; or

(iii) the Lessee shall become insolvent or commit an act of bankruptcy or become bankrupt or take the benefit of any Act that may be in force for bankrupt or insolvent debtors or become involved in a winding-up proceeding, voluntary or otherwise, or if a receiver shall be appointed for the business, property, affairs or revenues of the Lessee, or if any governmental authority shall take possession of the business or property of the Lessee; or

(iv) the Lessee shall make a bulk sale of its goods or move or commence, attempt or threaten to move its goods, chattels and equipment out of the demised premises (other than in the routine course of its business) or shall, for a period of five (5) consecutive days (without written consent of the Lessor), fail to conduct business from or occupy the demised premises; or

(v) the Lessee shall purport to assign, transfer, sub-let, or grant a license with respect to any portion or all of the term or the demised premises or control of the Lessee if a corporation is changed without, in either of the aforesaid cases, the written consent of the Lessor; or

(vi) the Lessee fails to remedy any condition giving rise to cancellation, threatened cancellation, reduction or threatened reduction of any insurance policy on the building or any part thereof within twenty four (24) hours after notice thereof by the Lessor; or

(vii) the Lessee shall abandon or vacate the demised premises;

(viii) the Lessee shall not observe, perform and keep any other of the covenants, agreements, provisions, stipulations and conditions herein to be observed, performed and kept by the Lessee and shall persist in such failure for twenty (20) days after notice by the Lessor requiring that the Lessee remedy, correct, desist or comply (or in the case of any such breach which reasonably would require more than twenty (20) days to rectify unless the Lessee shall commence rectification within the said twenty (20) day period and thereafter promptly and diligently and continuously proceed with the rectification of the breach); or

then and in any of such cases at the option of the Lessor, the full amount of the current month's and next ensuing three (3) months' instalments of rent shall immediately become due and payable and the Lessor may immediately distrain for the same, together with any arrears then unpaid; and the Lessor may without notice of any form of legal process forthwith re-enter upon and take possession of the demised premises or any part thereof in the name of the whole and remove and sell the Lessee's goods, chattels and equipment therefrom, any rule of law or equity to the contrary notwithstanding; and the Lessor may seize and sell such goods, chattels, and equipment of the Lessee as are in the demised premises or at any place at which the Lessor or any other person may have removed them in the same manner as if they had remained and been distrained upon the demised premises; and such sale may be effected in the discretion of the Lessor either by public auction or by private treaty, and either in bulk or by individual item, or partly by one means and partly by another, all as the Lessor in its entire discretion may decide.

34 CONSEQUENCES OF DEFAULT

If and whenever the Lessor is entitled to re-enter the demised premises, or does re-enter the demised premises, the Lessor may either terminate this lease by giving notice of termination to the Lessee, or by posting notice of termination in the demised premises, and in such event the Lessee will forthwith vacate and surrender the demised premises or alternatively, the Lessor may from time to time without terminating the Lessee's obligations under this lease, make alterations and repairs considered by the Lessor necessary to facilitate a sub-letting and sub-let the demised premises or any part thereof as agent of the Lessee for such term or terms and at such rent or rents and upon such other terms and conditions as the Lessor in its reasonable discretion considers advisable. Upon each sub-letting all rent and other monies received by the Lessor from the sub-letting will be applied first to the payment of indebtedness other than rent due hereunder from the Lessee to the Lessor, second to the payment of costs and expenses of the sub-letting including brokerage fees and solicitor's fees and costs of the alterations and repairs, and third to the payment of rent due and unpaid hereunder. The residue, if any, will be held by the Lessor and applied in payment of future rent as it becomes due and payable. If the rent received from the sub-letting during a month is less than the rent to be paid during that month by the Lessee, the Lessee will pay the deficiency to the Lessor. The deficiency will be calculated and paid monthly. No re-entry by the Lessor will be construed as an election on its part to terminate this lease unless a written notice of that intention is given to the Lessee or posted as

aforesaid. Despite a sub-letting without termination, the Lessor may elect at any time to terminate this lease for a previous breach. If the Lessor terminates this lease for any breach, the Lessee will pay to the Lessor on demand therefore all amounts due to the Lessor to that time together with all losses and damages the Lessor suffers as a result of that termination, including prospective losses and damages for the unexpired portion of the term.

35 DISTRESS

The Lessee waives and renounces the benefit of any present or future statute or any amendments thereto taking away or limiting the Lessor's right of distress and agrees with the Lessor that, notwithstanding any such enactment, all goods and chattels of the Lessee from time to time on the demised premises shall be subject to distress for arrears of rent.

36 SURRENDER

The Lessee shall, subject to any provisions of Clause 29 or this Clause 36 to the contrary, at the expiration of or sooner termination, peacefully surrender and yield up to the Lessor all and every part of the demised premises together with all buildings, structures, and fixtures including all appurtenances, alterations, repairs, additions and replacements thereto all in good order, condition and repair and free of the residual effects of any chemicals, gases, pollutants or other products which the Lessee may have stored, created or used in the demised premises and shall leave the demised premises in a clean and broom swept condition. **PROVIDED ALWAYS**, that the Lessee shall on the expiration or sooner termination of this lease sever and remove any and all fixtures which are not or have not become the property of the Lessor and the Lessee shall forthwith restore and repair the demised premises and any damage caused as a result of such severance or removal. If the Lessee does not so sever and remove in the time hereinbefore limited, the Lessor at its option may do so at the expense of the Lessee and the Lessee will have no interest whatsoever therein. **PROVIDED ALWAYS**, that no such fixtures and no goods or chattels of any kind will, except in the ordinary course of business, be removed from the demised premises during the term or at any time thereafter without the written consent of the Lessor first had and obtained, until all rent in arrears has been fully paid.

37 RIGHT TO EXHIBIT PREMISES

The Lessor and its agents may at all reasonable times enter the demised premises to exhibit the same for the purposes of sale and may at all reasonable times during the last twelve (12) months of the term of this lease enter the demised premises to exhibit the same for purposes of rent and, in addition thereto, may display the usual "For Sale" and "To Let" signs thereon.

38 OVERHOLDING

If, at the expiration of this lease the Lessee shall hold over for any reason, in the absence of written agreement between the Lessor and the Lessee to the contrary, the tenancy of the Lessee thereafter shall be from month to month only and shall be subject to all the terms and conditions of this lease, except as to duration, any Lessee options or inducements herein provided, and the monthly basic rent shall be one eighth of the annual basic rent herein provided for together with all additional rent payable hereunder.

39 WAIVER BY THE LESSOR

The failure of the Lessor to insist in any one or more cases upon the strict performance of any of the covenants of this lease or to exercise any option herein contained shall not be construed as a waiver or a relinquishment for the future of such covenant or option and the acceptance of rental by the Lessor with knowledge of the breach by the Lessee of any covenants or conditions of this lease shall not be deemed a waiver of such breach and no waiver by the Lessor of any provisions of the lease shall be deemed to have been made unless expressed in writing and signed by the Lessor.

40 NOTICES

Any notices herein provided or permitted to be given by the Lessee to the Lessor shall, except in the event of mail strike during which time all notices must be personally delivered, be sufficiently given if delivered in person or sent by registered mail, postage prepaid, posted within Canada, addressed to the Lessor at:

2125028 Ontario Inc.

c/o RDP Fulfillment Corporation

1725 mcPherson Court

Pickering, Ontario L1W3E9

ATTENTION: Robert Pinheiro

and/or to such other address(es) as may be designated in writing by the Lessor from time to time, and any notice herein provided or permitted to be given by the Lessor to the Lessee shall, except in the event of mail strike during which time all notices must be personally delivered, be sufficiently given if delivered in person or mailed postage prepaid, posted within Canada, addressed to the Lessee at the demised premises.

Notice given as aforesaid, if posted in Canada, shall be conclusively deemed to have been given on the fifth business day following the day on which such notice is mailed; or if delivered in person, on the date of delivery. Either party may at any time give notice in writing to the other of any change of address of the party giving such notice, and from and after the giving of such notice the address therein specified shall be deemed to be the address of such party for the giving of notice hereunder. The word "notice" in this paragraph shall be deemed to include any request, statement or other writing in this lease provided or permitted to be given by the Lessor or the Lessee.

41 RULES & REGULATIONS

The Lessee shall faithfully observe and comply with such rules and regulations as shall be communicated in writing to the Lessee from time to time, which in the judgment of the Lessor shall be necessary for the reputation, safety, care, operation, repair and appearance of the lands and building or the equipment thereof, or the comfort of the lessees or other occupants or users of the building, which rules and regulations (which may be changed from time to time by the Lessor) shall be deemed to be incorporated in and form part of this lease.

42 SUBORDINATION & ACKNOWLEDGEMENTS

In the event of registration of this lease (or a notice based thereon) in the Land Registry Office by the Lessee, and in the further event of a mortgage or trust deed or deeds supplemental thereto being registered against the lands, such mortgage or trust deed or deeds supplemental thereto shall take priority over this lease in every respect and the Lessee shall within ten (10) days of the request of the Lessor execute and deliver to the Lessor any and all documents required to give effect to the foregoing, including postponements under the appropriate Act for the Province of Ontario dealing with such matters. Further, the Lessee shall within ten (10) days of the request thereof by the Lessor, from time to time, execute and deliver to the Lessor and, if required by the Lessor, to any mortgagee (including any trustee under a deed of trust and mortgage) or other person designated by the Lessor, a certificate in writing as to the then status of this lease, including whether it is in full force and effect, is modified or unmodified, confirming the rent payable hereunder and the state of accounts between the Lessor and the Lessee and the existence or non-existence of defaults and any other matters pertaining to the lease as to which the Lessor shall request of such certificate. PROVIDED FURTHER, that the Lessee, whenever requested by any mortgagee (including any trustee under a deed of trust and mortgage), shall attorn to such mortgagee as a lessee upon all terms and conditions of this lease and shall execute promptly whenever requested by the Lessor or by such mortgagee an instrument of attornment.

43 NOTICE OF DEFECTS

The Lessee will at all times, with respect to those matters of which the Lessee shall have knowledge, give the Lessor prompt written notice of any accident or defect to or in the water pipes, gas pipes, air conditioning equipment, heating apparatus, electrical apparatus or other wires, or plumbing fixtures in the demised premises or in any other portion of the building.

44 CONTROL OF THE LANDS AND BUILDING BY THE LESSOR

(a) The Lessor will control the lands and building. In its control of the lands and building, the Lessor will have, among its other rights, the right to, (i) close all or any part of the lands or building to the extent which the Lessor's counsel advises is legally sufficient to prevent a dedication of or the accrual of any rights or any person or the public in the lands or building, (ii)

grant, modify and terminate easements and other agreements pertaining to the use and maintenance of all or any part of the lands or building, (iii) from time to time change the area, level, location, arrangement or use of the building or any part of it, (iv) construct other buildings, structures or improvements, construct additions, subtractions from, or rearrangements of buildings and improvements in the building, and construct additional buildings or facilities adjoining or proximate to the building, (v) expand, use or alter the common areas including the parking areas, (vi) with the consent of the Lessee (which consent will not be withheld unreasonably) relocate or rearrange the demised premises, and (vii) do whatever else, in the use of good business judgment the Lessor determines to be advisable for the more efficient and proper operation of the lands and building.

(b) if as a result of the exercise by the Lessor of its rights set out in this Section, the common areas are diminished or altered, the Lessor will not be subject to liability nor will the Lessee be entitled to any compensation or abatement of rent, nor is any alteration or diminution of the common areas to be considered constructive or actual eviction, or a breach of quiet enjoyment.

(c) the Lessee will not do or permit, any act in or about the common areas or the building which in the Lessor's opinion hinders or interrupts the flow of traffic to, in and from the building and the Lessee will not do, nor will it permit anything to be done which, in the Lessor's opinion obstructs free movement of persons doing business in the building.

(d) notwithstanding anything contained in this lease, and except when necessary in connection with the completion of the Lessor's rights and obligations provided in this lease, the Lessor agrees that in exercising its rights hereinbefore set out it will do so in a manner so as not to unreasonably or materially interfere with the Lessee's business operations, use and enjoyment of the demised premises, nor access to and from the demised premises. The Lessor shall exercise any rights contained in this Section, in a reasonable and prudent manner so as to minimize any disruption to the Lessee during business hours. In the event that in the exercise of its rights or performance of its duties aforesaid, it must proceed with activities of a nature materially interfering with or disruptive of the Lessee's business operations, use and enjoyment of the demised premises or access to or from them, it will use reasonable efforts to do so after business hours.

45 TIME OF ESSENCE

Time shall be of the essence hereof.

46 HEADINGS

The parties hereto agree that the headings form no part of this lease and shall be deemed to have been inserted only for convenience of reference.

47 INTERPRETATION

Wherever the singular and masculine or neuter are used throughout this lease they shall be construed as if the plural and feminine had been used where the context of the party or parties hereto so requires and the rest of the sentence shall be construed as if the necessary grammatical and terminological changes thereby rendered necessary had been made.

48 ACCEPTANCE

The Lessee does hereby accept this lease of the demised premises to be held by it as tenant and subject to the conditions, restrictions and covenants herein set forth.

49 GOVERNING LAWS

This lease and any rules and regulations adopted hereunder shall be governed by the laws of the Province of Ontario. Should any provision of this lease and/or its conditions be illegal or not enforceable under the laws of the Province of Ontario, it or they shall be considered severable, and this lease and its conditions shall remain in force and be binding upon the parties as though the provision or provisions had never been included.

50 RESERVATION TO LESSOR

All outside walls of the demised premises and any space in the demised premises used for passageways and common areas as well as access thereto through the demised premises for the purpose of use, operation, maintenance and repair are expressly reserved to the Lessor.

51 REPRESENTATIONS

The Lessee acknowledges that the taking of possession by it pursuant to the terms of this lease shall be deemed to be conclusive evidence that any improvements or work required to be undertaken by the Lessor with respect to the demised premises has been completed to the satisfaction of the Lessee and that the Lessee has inspected and accepts the demised premises.

The Lessee hereby acknowledges that the demised premises are taken without representation of any kind on the part of the Lessor or its agents other than as set forth herein. It is understood and agreed that no representative or agent of the Lessor or Lessee is or shall be authorized or permitted to make any representation with reference thereto, or to vary or modify this agreement in any way, and that this lease contains all of the agreements and conditions made between the parties hereto respecting the demised premises and that any addition to or alteration of or changes in this lease or other agreements hereafter made or conditions created to be binding, must be made in writing and signed by both parties.

52 BINDING ON SUCCESSORS & APPROVED ASSIGNS

This lease and everything herein contained shall enure to the benefit of and be binding upon the parties hereto, the successors and assigns of the Lessor and the approved successors and assigns of the Lessee.

53 SALE OR FINANCING OF LANDS OR ASSIGNMENT BY LESSOR

The Lessee acknowledges that the rights of the Lessor under this lease may be mortgaged, charged, transferred or assigned to a purchaser or to a mortgagee or trustee. The Lessee further acknowledges that in the event of the sale by the Lessor of the lands or a portion thereof containing the demised premises or the assignment by the Lessor of this lease or of any interest of the Lessor hereunder, the Lessor shall, without further written agreement, be freed and relieved of liability under this lease.

54 REGISTRATION

Notwithstanding the provisions of Clause 42 hereof the Lessee shall, upon the request of the Lessor and at the cost and expense of the Lessee, cause this lease or a notice based thereon to be registered in the appropriate Land Registration Office in the Province of Ontario in the event the Lessor requires this lease to be registered in priority to any mortgage, trust deed or trust indenture which may now or at any time hereafter affect in whole or in part the demised premises or the lands. The Lessee shall execute promptly any certificate or other instrument which may from time to time be requested by the Lessor to give effect to the provisions of this Clause 54. Upon the expiration or earlier termination of this lease the Lessee shall, at its expense, forthwith remove and discharge all caveats, registered by it on the title to the lands and building. This obligation shall survive the expiration or sooner termination of the term hereof.

55 LAND USE RESTRICTIONS

The Lessee shall not do or cause to be done any act or make or cause to be made any omission which will result in a breach or contravention of any land use restrictions, development control agreements, restrictive covenants or similar instruments registered against title to the lands.

56 EXCLUSION OF LIABILITY

It is agreed between the Lessor and the Lessee that:

- (a) The Lessor, its agents, servants and employees shall not be liable for damage or injury to any property of the Lessee which is entrusted to the care or control of the Lessor, its agents, servants or employees;
- (b) The Lessor, its agents, servants and employees, shall not be liable nor responsible in any way for any personal or consequential injury of any nature whatsoever that may be suffered or sustained by the Lessee or any employee, agent, customer, invitee or licensee of the Lessee or any other person who may be upon the demised premises or the lands or for any loss or damage or injury to any property belonging to the Lessee or to its employees or to any other person while such property is on the demised premises or the lands and in particular (but without limiting the generality of the foregoing), the Lessor shall not be liable for any damage or damages of any nature whatsoever to any such property or persons caused by the failure, by reason of a

breakdown of any apparatus or part thereof or other cause, to supply adequate drainage, snow or ice removal, heating, air conditioning, or electricity, or by reason of the interruption of any public utility or service or in the event steam, water, rain, or snow may leak into, issue, or flow from any part of the building or from the water, steam, sprinkler, or drainage pipes or plumbing works of the same, or from any other place or quarter or for any damage caused by anything done or omitted by any lessee. The Lessee shall not be entitled to any abatement of basic rent or additional rent in respect of any such condition, failure or interruption of service.

(c) The Lessor, its agents, servants, employees or contractors shall not be liable for any damage to the demised premises or the contents thereof by reason of the Lessor, its agents, servants, employees or contractors, entering upon the demised premises as herein provided to undertake any examination thereof or any work therein or in the case of an emergency.

57 LESSOR'S RIGHT TO PERFORM

If the Lessee fails to perform any of the covenants or obligations of the Lessee under or in respect of this lease, the Lessor may from time to time at its discretion perform or cause to be performed any such covenants or obligations or any part thereof and for such purpose as may be requisite and may enter upon the demised premises to do such things, and all expenses incurred and expenditures made by or on behalf of the Lessor as well as a reasonable supervisory fee shall be paid forthwith on demand by the Lessee to the Lessor. If the Lessee fails to pay the same the Lessor may add the same to the rent and recover the same by all remedies available to the Lessor for recovery of rent in arrears; PROVIDED HOWEVER, that if the Lessor commences and completes either the performance of any such covenants or obligations or any part thereof, the Lessor shall not be obliged to complete such performance or be later obliged to act in like fashion.

58 CONSENTS FROM LESSOR

To the extent that the Lessee requires the consent or approval of the Lessor to any act or proposed act of or on behalf of the Lessee, the Lessee shall pay to the Lessor on demand all reasonable costs and fees of the Lessor or paid or payable by the Lessor for considering the request for such consent or approval and implementing any such consent or approval including the costs to the Lessor of obtaining the advice of its professional or management advisors or consultants with respect to such request or the implementation thereof.

59 JOINT AND SEVERAL

Where the Lessee herein is comprised of more than one person, the obligations of the Lessee are joint and several obligations of each of such persons.

Within ten (10) days after written request therefore by the Lessor, or in the event that upon any sale, assignment, lease or mortgage of the building or the lands thereunder by the Lessor, a status statement shall be required from the Lessee, the Lessee hereby agrees to deliver in the form supplied by the Lessor a certificate to any proposed mortgagee or purchaser or to the Lessor, stating (if such be the case) that:

- (a) this lease is unmodified and in full force and effect (or if there have been any modifications, that this lease is in full force and effect as modified and identify the modification agreements, if any); the date of the commencement of the term;
- (b) the date to which the Rent has been paid under this lease; and
- (c) whether or not there is any existing default by the Lessee in the payment of Rent or other sum of money under this lease, and whether or not there is any other existing default by either party under this lease with respect to which a notice of default has been served, and if there is any such default, specifying the nature and extent thereof.

60 SALES TAX

Notwithstanding any other provisions of this lease to the contrary, the Lessee shall pay to the Lessor an amount equal to any and all goods and services taxes, sales taxes, value added taxes, or any other taxes imposed on the Lessor with respect to rents, additional rents or any other amounts payable by the Lessee to the Lessor under this lease, whether characterized as a goods and services tax, sales tax, value added tax or otherwise (herein called "Sales Taxes"), it being the intention of the parties that the Lessor shall be fully reimbursed by the Lessee with

respect to any and all Sales Taxes payable by the Lessor. The amount of such Sales Taxes so payable by the Lessee shall be calculated by the Lessor in accordance with the applicable legislation and shall be paid to the Lessor at the same time as the amounts to which such Sales Taxes apply are payable to the Lessor under the terms of this lease or upon demand at such other time or times as the Lessor from time to time determines. Notwithstanding any other provision in this lease to the contrary, the amount payable by the Lessee under this paragraph shall be deemed not to be rent or additional rent, but the Lessor shall have all of the same remedies for and rights of recovery of such amount as it has for recovery of rent under this lease.

61 HAZARDOUS SUBSTANCES

The Lessee shall at its own cost comply with all laws, regulations and government orders or directions relating to the use, generation, manufacture, production, processing, storage, transportation, handling, release, disposal or cleanup of hazardous substances and the protection of the environment on, under or about the demised premises and the lands. The term "hazardous substances" as used in this Lease shall include, without limitation, flammable, explosives, radio-active materials, hazardous chemicals and wastes or substances, petroleum and petroleum products and all substances, materials, goods or gases declared or listed to be hazardous or toxic under laws or regulations now or hereafter in force. The Lessee shall not use or cause or permit to occur the generation, manufacture, production, processing, storage, handling, release, disposal or cleanup of any hazardous substance on, under or about the demised premises or the transportation to or from the demised premises of any hazardous substance (except as specifically disclosed to the Lessor and permitted in this Lease). Upon the demand by any governmental authority or the Lessor that a cleanup be undertaken because of any addition, deposit, emission, leak, spill, discharge or other release of hazardous substances that occur during the term on, under, about, at or from the demised premises, the Lessee shall at its own expense take all remedial action necessary to carry out a full and complete cleanup. Upon the request of the Lessor, and in any event within the calendar month preceding the calendar month in which the term expires, the Lessee shall provide to the Lessor an independent report or audit in form and substance and from qualified experts approved by the Lessor acting reasonably regarding hazardous substances and the protection of the environment on, under or about the demised premises during the term. The Lessor may at its option elect by written notice to the Lessee to carry out or have carried out at the expense and in the name of the Lessee the Lessee's obligations pursuant to this Clause and the cost thereof shall be payable to the Lessor (or such other person designated by the Lessor) by the Lessee forthwith on demand together with interest thereon from the date of the expenditure of such monies by the Lessor until paid by the Lessee. No action by the Lessor and no attempt by the Lessor to mitigate damages under any law shall constitute a waiver or release of the Lessee's obligations hereunder and the Lessee shall indemnify and save harmless the Lessor from all costs and expenses incurred therefore pursuant to this Lease. The Lessee's obligations and liabilities hereunder shall survive the expiration of this Lease.

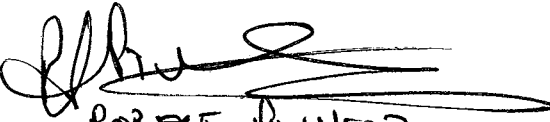
62 SCHEDULES

The following Schedules attached hereto forms a part of this Lease:

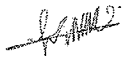
- (ix) Schedule "A" - Legal Description
- (x) Schedule "B" - Sketch of Building
- (xi) Schedule "C" - Rules and Regulations
- (xii) Schedule "D" - Special Conditions
- (xiii) Schedule "E"- Tenant Work

IN WITNESS WHEREOF the parties have executed and sealed this agreement as of the day and year first above written.

2125028 ONTARIO INC.

Per: 
Name: ROBERT PINHEIRO
Title: PRESIDENT

CANNAPIECE CORP.

Per: 
Name: Ray Rasouli
Title: CEO

Per:
Name:
Title:

SCHEDULE "A"

LANDS

Part of Lot 18, Range 3, Broken Front Concession, Town of Pickering, Regional Municipality of Durham, designated as Part 4 on Plan 40R-3303; being all of PIN 26329-0027 (LT)

MUNICIPAL ADDRESS OF DEMISED PREMISES:

1725 McPherson Court, Pickering, Ontario L1W 3E9

SCHEDULE "A"

LANDS

Part of Lot 18, Range 3, Broken Front Concession, Town of Pickering, Regional Municipality of Durham, designated as Part 4 on Plan 40R-3303; being all of PIN 26329-0027 (LT)

MUNICIPAL ADDRESS OF DEMISED PREMISES:

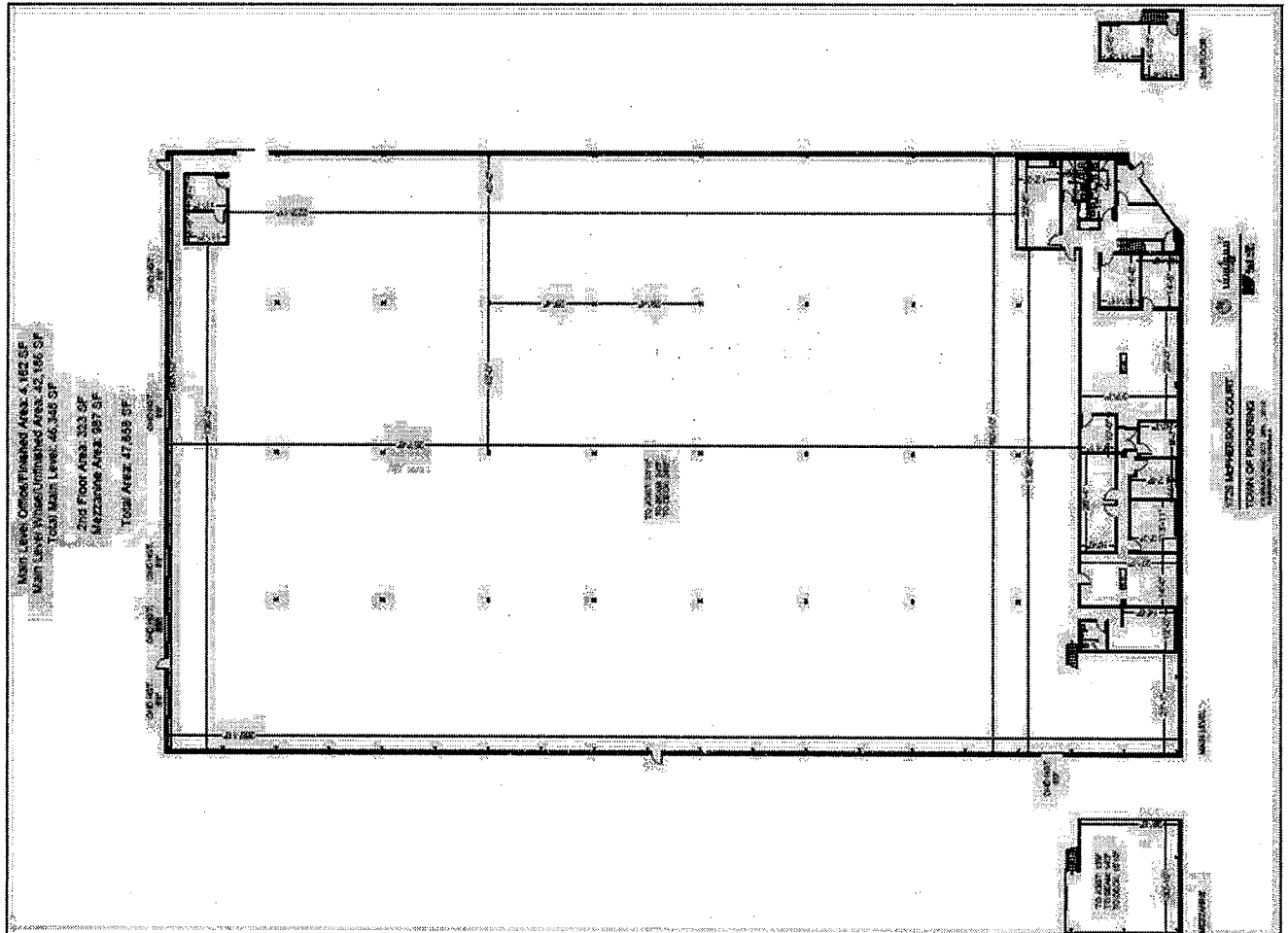
1725 McPherson Court, Pickering, Ontario L1W 3E9

SCHEDULE "B"

Building



Demised Premises



SCHEDULE "C"

RULES AND REGULATIONS FORMING PART OF THE WITHIN LEASE

1. The sidewalk, entry passages, fire escapes and stairways, if any, shall not be obstructed by any of the tenants, or used by them for any purpose other than ingress to and egress from the demised premises. Lessees will not place or allow to be placed in the building, corridors or public stairways, if any, any waste paper, dust, garbage, refuse or anything whatever that would tend to make them unclean or untidy.
2. The windows that reflect or admit light into passageways of the building, if any, shall not be covered or obstructed by any of the tenants and awnings shall not be put up without the written consent of the Lessor.
3. The water closets and other water apparatus shall not be used for any purpose other than those for which they were constructed, and no sweepings, rubbish, rags, ashes or other substances shall be thrown therein. Any damage resulting by misuse shall be borne by the tenant by whom or whose agents, servants or employees the same is caused. Lessees shall not deface any part of the building.
4. The Lessee shall do or permit anything to be done in the demised premises, or bring or keep anything therein which will by in any way increase the risk of fire or obstruct or interfere with the rights of other tenants or violate or act at variance with the laws relating to fires or with the regulations of the Fire Department, or the Board of Health.
5. Lessees, their clerks or servants shall not interfere with other tenants or those having business with them.
6. No birds or animals shall be kept in or about the demised premises nor shall tenants operate or permit to be operated a musical or sound producing instrument or device inside or outside the demised premises which may be heard outside the demised premises.
7. No one shall use the demised premises for sleeping apartments or residential purposes, or for the storage of personal effects or articles other than those required for business purposes.
8. All tenants must observe strict care not to allow their windows or doors to remain open so as to admit rain or snow or so as to interfere with the heating of the building. Any injury or damage caused to the building or its appointments, furnishing, heating and other appliances or to any other tenant by reason of windows or doors being left open so as to admit rain or snow or by interferences with or neglect of the heating appliances or by reason of the tenant or other person or servant, subject to it, shall be made good by the tenant in whose premises the neglect, interference or misconduct occurred.
9. It shall be the duty of the respective tenants to assist and co-operate with Lessor in preventing injury to the premises demised to them respectively.
10. No inflammable oils or other inflammable, dangerous or explosive materials shall be kept or permitted to be kept in the demised premises. Nothing shall be placed on the outside of window sills or projections.
11. No bicycles or other vehicles shall be brought within the building.
12. Lessees shall not place any additional lock upon any door of the building without the written consent of the Lessor.
13. Lessees shall give Lessor prompt notice of any accident to or any defect in the plumbing, climate control, mechanical or electrical apparatus or any other part of the building.
14. Lessees will not do or omit to do or permit to be done or omitted anything upon or in respect of the demised premises the doing or omission of which (as the case may be) shall be or result in a nuisance.

15. Lessor shall have the right to make such other and further reasonable rules and regulations as in its judgment may from time to time be needful for the safety, care, cleanliness and appearance of the demised premises and the building, and for the preservation of good order therein, and the same shall be kept and observed by the tenants, their clerks and servants.

16. Lessees agree to the foregoing Rules and Regulations, which are hereby made a part of this lease, and each of them, and agrees that for such persistent infraction of them, or any of them, as may in the opinion of the Lessor be calculated to annoy or disturb the quiet enjoyment of any other tenant, or anyone under it, Lessor may declare a forfeiture and cancellation of the accompanying lease and may demand possession of the demised premises upon one (1) weeks' notice.

SCHEDULE "D"

SPECIAL CONDITIONS

1. OPTION TO RENEW

The Lessee shall have the option to renew this Lease for one (3) additional term(s) of five (5) years, provided that it has duly and regularly paid when due all rent and other costs, expenses or fees due hereunder, has delivered written notice requiring renewal of this Lease no later than nine (9) months prior to the expiry of the term, and is not at the time of delivery of notice of renewal in default in the performance of any of its covenants or obligations hereunder. Basic rent during the renewal term shall be the greater of the basic rent in effect during the last year of the term prior to renewal and Fair Market Rent but otherwise, upon the same terms and conditions as the Lease except for any further renewal right. Fair Market Rent shall mean an annual fair market rent for the demised premises determined as of a date 90 days prior to the commencement of the renewal term. If the parties are unable to agree upon the amount of Fair Market Rent at least 90 days prior to commencement of the renewal term, either party shall be entitled to have the amount thereof determined by arbitration in the manner herein provided.

Upon the written demand of either Lessor or Lessee and within ten (10) days of such demand, each of them shall name one arbitrator, and the two arbitrators so named shall promptly thereafter choose a third arbitrator. If either of the Lessor or Lessee shall fail to name an arbitrator within such period, then a second arbitrator shall, upon application by the party that named the first arbitrator, be appointed by any Justice of the Ontario Superior Court of Justice. If the two arbitrators shall fail within ten (10) days from their appointment to agree upon and appoint the third arbitrator, then upon written application by either of the arbitrators so appointed, a third arbitrator shall be appointed, by any other Justice of the Ontario Superior Court of Justice. The arbitrators so chosen shall proceed immediately to hear and determine the question or questions in dispute and the decision of the arbitrators, or majority of them, shall be made within forty-five (45) days after the appointment of the third arbitrator, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, in the event the arbitrators, or majority of them fail to make a decision within sixty (60) days after the appointment of the third arbitrator, then either the Lessor or the Lessee may elect to have new arbitrators chosen in like manner as if none had been previously selected. The decision of the arbitrators, or a majority of them shall be drawn up in writing and signed by the arbitrators, or a majority of them, and shall be binding upon the Lessor and Lessee as to the question or questions so submitted to arbitration and the Lessor and Lessee shall be bound by such decision. The provisions of this clause shall be deemed to be a submission to arbitration within the provisions of the Arbitration Act, 1991, and any other statutory modification or re-enactment thereof. The compensation of the arbitrators and the ancillary expenses of such arbitration shall be borne equally by the Lessor and Lessee.

If the basic rent payable during the renewal term has not been determined by the commencement thereof, the Lessee shall pay interim monthly instalments on account thereof equivalent to one eighth of the basic rent payable during the last year of the term, and upon final determination of annual basic rent for the renewal term, an appropriate adjustment shall be made and any overpayment or underpayment shall be forthwith paid to the party entitled, together with interest thereon at 1% in excess of the prime commercial lending rate at any Canadian chartered bank designated by the Lessor, accruing from each date of underpayment or overpayment, as the case may be.

2. TENANT FIRST RIGHT OF REFUSAL TO PURCHASE

The Landlord covenants and agrees with the Tenant that, during the term of the lease or any renewal thereof, the Landlord will give the Tenant three (3) business days to submit an Offer upon the same terms and conditions as any bona fide Offer to purchase the leased property that the Landlord has received and is willing to accept, an any Lease executed by the Landlord and Tenant shall include this first right of refusal. The Landlord shall give the Tenant written notice of such bona fide Offer and a copy of such Offer to the Tenant. In the event that the Tenant submits to the Landlord, within the time period described above, a written and signed Offer to purchase the property upon the

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same terms and conditions as the Offer initially received by the Landlord, the Landlord shall accept the Offer submitted by the Tenant. In the event that the Tenant fails to deliver to the Landlord, within the time limit, described above, a written and signed Offer to purchase the property on the same terms and conditions as the initial Offer, the Landlord shall be at liberty to sell the property to the Buyer who submitted the initial Offer, provided further that the Tenant's lease shall remain in good standing with all parties begin bound to the terms as negotiated and stated in the Lease Form. Should the Tenant exercise the said first right of refusal, the Landlord agrees to pay the Agents so named in this Agreement (or their successor companies) a fee of two and a half Percent (2.5%) plus applicable HST of final sale price, of which 1.25% plus applicable HST shall be paid to the co-operating brokerage so named in this Agreement.

3. NO RESTORATION

The Tenant shall be permitted to abandon all original leasehold improvements, installations, alterations, partitions and fixtures installed by the Tenant with the consent of the Landlord without being obligated to remove same at the expiry or termination of the Lease or any extension, save and except for non-standard leasehold improvements. Non-standard improvements will be designated by the Landlord at the time the Tenant submits an alteration request.

4. TENANT FIRST RIGHT OF REFUSAL TO LEASE ADJACENT UNITS

The Landlord covenants and agrees with the Tenant that, during the term of the lease or any renewal thereof, the Landlord will give the Tenant three (3) business days to submit an Offer To Lease upon the same terms and conditions as any bona fide Offer to Lease any of the adjacent units of the property that the Landlord has received and is willing to accept. The Landlord shall give the Tenant written notice of such bona fide Offer to Lease and a copy of such Offer to Lease to the Tenant. In the event that the Tenant submits to the Landlord, within the time period described above, a written and signed Offer to Lease any of the adjacent units of the property upon the same terms and conditions as the Offer to Lease initially received by the Landlord, the Landlord shall accept the Offer to Lease submitted by the Tenant. In the event that the Tenant fails to deliver to the Landlord, within the time limit described above, a written and signed Offer to Lease any of the adjacent units on the same terms and conditions as the initial Offer to Lease, the Landlord shall be at liberty to lease the units to the prospective tenant who submitted the initial Offer to Lease. Should the Tenant exercise the said first right of refusal, the Landlord agrees to pay the Agents so named in this Agreement, (or their successor companies) a fee of Eight Percent (8%) plus applicable HST of first year total Net Lease Amount, plus Four Percent (4%) of the Total Net Lease amount for the balance of the Lease term, not including any options to renew, of which 4% plus applicable HST of the first year total net rental amount and 2% of the balance of the rental term net amount shall be paid to the co-operating brokerage so named in this Agreement.

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SCHEDULE "E"

TENANT WORK

Attached hereto and forming an integral part of this Offer to Lease between
2125028 Ontario Inc. (Landlord) and Cannapiece Corp. (Tenant) to be initialled by
both parties for identification purposes.

All changes and renovations described will be installed by licensed and certified professionals at the expense of the tenant. Renovations will be done to code and will be removed at the termination of the lease only at the written request of the landlord. If no request is submitted by the landlord, these renovations and additional equipment shall be deemed leasehold improvements, and shall remain on the premises and belong to the landlord.

The tenant shall install structure, and drywall to separate 1725 McPherson Court, into four separate units. Each unit will be self contained and have separate entry doors.

The Tenant shall install an electrical air exchange / ventilation unit as required. This unit will require cutting in to the roof structure, securing and sealing the unit in place. Any leaks caused by these air exchange/ventilation units will be responsibility of the tenant to maintain and repair.

Tenant may add additional lighting to the units as needed.

Tenant may add additional heating units to the premises as needed, upkeep of these units shall be the sole responsibility of the tenant to maintain.

Tenant may add additional plumbing to the premises as needed.

If further meters for gas and power are required, the tenant shall be responsible for contacting the utility companies and bear the full responsibility of any costs involved.

September 30, 2022

Attention: Ken Best
Senior Property Manager, Central Region
Dream Industrial LP
c/o Dream Industrial Management Corp.
855 Matheson Boulevard East, Unit 15
Mississauga, Ontario
L4W 4L6

Delivered via email & courier
KBest@dream.ca

Dear Mr. Best:

RE: Notice of Renewal
1725 McPherson Court, Pickering, Ontario (the "Premises")

Pursuant to Schedule "D" of the lease for Phase I of the Premises dated July 2018 (the "Lease"), CannaPiece Corp. as tenant hereby provides written notice requiring renewal of the Lease.

CannaPiece Corp. does not intend to renew the lease for all of the leased premises comprising Phase II of the Premises. However, as per previous discussions with you, CannaPiece Corp. requests that it be permitted to lease the boiler room portion of Phase II only, as it is required to operate Phase I. I enclose a diagram of the area requested, showing access via a perimeter door and the locking of an interior access door to shut it off from the rest of Phase II without the need for renovation.

With respect to the return of the balance of Phase II, I understand that you require certain information and documentation, as indicated in your email to our Facilities Manager (Saeed Katanforoush) dated May 26, 2022. Mr. Katanforoush will provide that information and documentation to you by way of email.

We look forward to hearing from you.

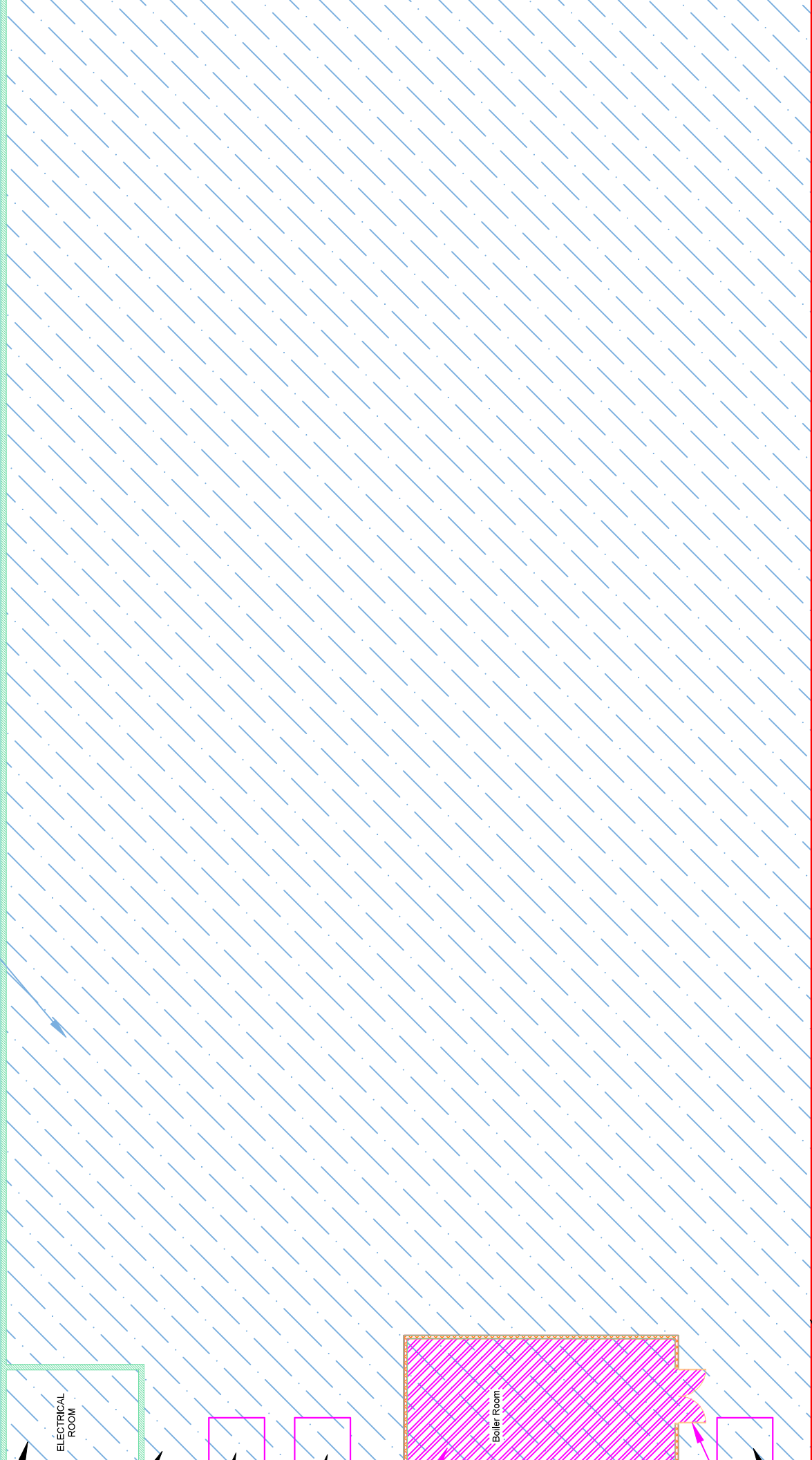
Yours very truly,

Afshin Souzankar
Afshin Souzankar
Chief Executive Officer
afshin@cannapiece.ca
1 (416) 666-7978

Encl.

Main water pipe for b

Unit #2
Estimated Area =
31847 SQF



ELECTRICAL ROOM

Boiler Room

Door

**This is Exhibit "1" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square box containing a handwritten signature in black ink. The signature appears to be the initials 'mgf' written in a cursive, flowing style.

A COMMISSIONER FOR TAKING AFFIDAVITS



Licence No. - N° de licence
LIC-IQI3F5JFMF-2020-8

LICENCE

This licence is issued in accordance with the *Cannabis Act* and *Cannabis Regulations*

LICENCE

Cette licence est délivrée conformément à la *Loi sur le cannabis* et le *Règlement sur le cannabis*

Licence Holder / Titulaire de la licence :
CannaPiece Corp.

Licensed Site / Lieu autorisé :
1725 MCPHERSON COURT, UNIT 02
PICKERING, ON, CANADA, L1W 3E9

The above-mentioned person is authorized to conduct, at the site specified on this licence, the activities listed below for the following licence classes and subclasses.

La personne susmentionnée est autorisée à effectuer, sur le site spécifié sur cette licence, les activités énumérées ci-dessous pour les catégories et les sous-catégories de licence suivantes.

Standard Processing

Transformation standard

Activities	Activités
<ul style="list-style-type: none"> To possess cannabis To produce cannabis, other than obtain it by cultivating, propagating or harvesting it To sell cannabis in accordance with subsection 17(5) of the Cannabis Regulations 	<ul style="list-style-type: none"> Avoir du cannabis en sa possession Produire du cannabis, sauf en l'obtenant par la culture, la multiplication et la récolte Vendre du cannabis en vertu du paragraphe 17(5) du Règlement sur le cannabis
Conditions	Conditions
The licence holder must meet the requirements set out in the Health Canada document entitled "Mandatory cannabis testing for pesticide active ingredients - Requirements".	Le titulaire de la licence doit respecter les exigences énoncées dans le document de Santé Canada intitulé « Analyse obligatoire du cannabis pour les résidus de principes actifs de pesticides-Exigences ».
The only cannabis products that the licence holder may sell or distribute to (i) a holder of a licence for sale, and (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; cannabis plant seeds; dried cannabis; and fresh cannabis.	Les seuls produits du cannabis que le titulaire de la licence peut vendre ou distribuer (i) à un titulaire d'une licence de vente et (ii) à une personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; graines provenant d'une plante de cannabis; cannabis séché; et cannabis frais.
The only cannabis products that the licence holder may send or deliver to the purchaser at the request of (i) a holder of a licence for sale, and (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; cannabis plant seeds; dried cannabis; and fresh cannabis.	Les seuls produits du cannabis que le titulaire de la licence peut expédier ou livrer à l'acheteur à la demande (i) d'un titulaire d'une licence de vente et (ii) d'une personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; graines provenant d'une plante de cannabis; cannabis séché; et cannabis frais.

Sale for Medical Purposes

Vente à des fins médicales

Activities	Activités
<ul style="list-style-type: none"> To possess cannabis To sell cannabis products in accordance with section 27 and Part 14, Division 1 of the Cannabis Regulations 	<ul style="list-style-type: none"> Avoir du cannabis en sa possession Vendre des produits du cannabis en vertu de l'article 27 et la section 1 de la partie 14 du Règlement sur le cannabis
Conditions	Conditions
N/A	nd

Indoor Area(s) / Zone(s) intérieure(s)

The possession of cannabis and the other activities mentioned above are authorized in the following building(s) / La possession de cannabis et les autres activités mentionnées ci-haut sont autorisées dans les bâtiment(s) suivant(s) :

1725 McPherson Court

Acting Director, Licencing and Security, Controlled Substances and Cannabis Branch

Directeur par intérim, Licences et sécurité, Direction générale des substances contrôlées et du cannabis

Effective date of the licence:

This licence is effective as of **June 7, 2022**

Date d'entrée en vigueur de la licence:

Cette licence entre en vigueur à compter du **7 juin 2022**

Expiry date of the licence:

This licence expires on **February 28, 2023**

Date d'expiration de la licence:

La présente licence expire le **28 février 2023**



Acting Director, Licencing and Security, Controlled Substances and Cannabis Branch
Directeur par intérim, Licences et sécurité, Direction générale des substances contrôlées et du cannabis

**This is Exhibit "J" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square, white box containing a handwritten signature in black ink. The signature consists of the letters 'm', 'j', and 'f' written in a cursive, flowing style.

A COMMISSIONER FOR TAKING AFFIDAVITS



March 27, 2020

CannaPiece Corp.
Unit #2 – 1725 McPherson Ct.
Pickering, ON L1W 3E9

Attn.: Arash Amin

Dear Arash Amin:

Re: Issuance of Cannabis Licence under the *Excise Act, 2001*

As all conditions for licence issuance have now been met, your application for a cannabis licence under the *Excise Act, 2001* (Act) has been approved effective March 4, 2020.

Cannabis licence number

The following licence number should be recorded on all correspondence with the CRA:

75260 3886 RD0002
Unit #2 – 1725 McPherson Ct, Pickering, ON L1W3E9

Each of the physical business locations included in the licence application has been provided with a separate account number as follows:

Location	Account Identifier	Account Type	Premises Address
1	RD0002	Filing	Unit #2 – 1725 McPherson Ct, Pickering, ON L1W3E9

Acknowledgement of Security

We acknowledge receipt of the required security in the form of certified cheque in the amount of [\$5,000] five thousand dollars.

Renewal of Cannabis Licence

Information related to renewing a cannabis licence is provided in Excise Duty Notice EDN52, Obtaining and Renewing a Cannabis Licence. Subject to meeting the requirements for maintaining a cannabis licence, the licence will remain in effect for the period specified in the licence.

The expiry date for your licence will be March 3, 2022. In order to renew the cannabis licence, a completed Form L300, Cannabis Licence Application must be submitted to your regional office not later than 30 days before the expiry date.

Obligations of a Cannabis Licensee

Changes to Information

The CRA must be informed of any changes to the name, legal entity, business or mailing address, location of books and records or changes to any other information provided in the licence application form. The CRA must also be informed if your business/operations have been discontinued or sold.

Books and Records

All cannabis licensees are required to maintain adequate books and records and provide access to those books and records to excise officers. Denied access to books and records or the licensed premises could result in a suspension or the cancellation of a cannabis licence.

Filing of Returns

A form B300, Cannabis Duty and Information Return for each filing division under your cannabis licence must be filed for each calendar month whether or not any duty is payable. Your returns are due at the end of the month following the calendar month for the production being reported.

Electronic filing of the monthly B300 Cannabis Duty and Information Return, the B301 Application for a Refund of Cannabis Duty, as well as other account information, such as account transactions and balances, licence status and account maintenance activities, is available at canada.ca/my-cra-business-account. Electronic filing of returns provides immediate confirmation that your return has been received by the CRA. Enrollment can be completed online, and further information is available at canada.ca/my-cra-business-account or by phone at 1-800-959-5525.

Monthly excise cannabis returns may also be printed from our website at canada.ca/cannabis-excise so that they may be completed and submitted by mail. Please note that should a return and any payment due not be filed or received within the time limits, penalty and interest charges may be applied in accordance with the Act.

Further Approvals

Destruction of cannabis product

During the review of the cannabis licence application, we also considered your request for approval of a method of destruction under the Act. Pursuant to section 158.16 of the Act,

a cannabis licensee may re-work or destroy a cannabis product in the manner authorized by the Minister of National Revenue (Minister). Your request has been approved. Please see attached Appendix A for more information. If this approved method of destruction changes, a request in writing must be submitted to the Regional Manager of Excise Duty, and approval must be obtained prior to any destruction using the new, unapproved method.

As per section 187.1 of the Act, the Minister may refund to a cannabis licensee the duty paid on a cannabis product that is re-worked or destroyed by the cannabis licensee in accordance with section 158.16 if the licensee applies for the refund within two years after the cannabis product is re-worked or destroyed.

Subparagraph 158.3(a)(iv) of the Act provides that duty is not payable on a cannabis product that is destroyed by the cannabis licensee in a manner approved by the Minister.

Cannabis product taken for analysis

We also reviewed your request for approval of a method of taking cannabis products for analysis under the Act. Pursuant to subparagraph 158.3(a)(iii), duty is not payable on a cannabis product that is taken for analysis by a cannabis licensee in a manner approved by the Minister. Your request has been approved. Please see attached Appendix B for more information. If this approved method of taking a cannabis product for analysis changes, a request must be submitted in writing to the Regional Manager of Excise Duty, and approval must be obtained prior to any cannabis being taken for analysis using the new method.

Should you have any questions regarding the above or any other Excise Duty matter, please call our toll free line at 1-866-667-9851. For general information regarding the excise duty on cannabis products please go to canada.ca/cannabis-excise. To request a ruling or interpretation or make a technical enquiry on cannabis excise duty, please call 1-866-330-3304 or email cannabis@cra-arc.gc.ca.

Sincerely,

Dan Reggio
Ontario Regional Manager
Excise Duty and Taxes Division
Legislative Policy and Regulatory Affairs Branch



Appendix A

Request for approval of method of destruction

During the review of your cannabis licence application, we also considered your request for approval of a method of destruction under the Act. Pursuant to section 158.16, a cannabis licensee may re-work or destroy a cannabis product in the manner authorized by the Minister. Subparagraph 158.3(a)(iv) also states that duty is not payable on a cannabis product that is destroyed by a cannabis licensee in a manner approved by the Minister.

Based on the information that you provided, we understand the following:

- The location of the destruction will be per your QAS-028-00, dated December 17, 2019;
- The method of destruction will be per your QAS-028-00, dated December 17, 2019;
- The method will be ongoing; and
- The controls in place will be per your QAS-028-00, dated December 17, 2019.

You also indicated that you will maintain the following records: all records listed in QAS-028-00, dated December 17, 2019.

Based on the information provided, we have determined that the outlined steps would be sufficient to grant authorization to destroy cannabis products under the following conditions (these conditions would apply to any cannabis products in your possession):

- Adequate records and information, including the date of destruction, type and quantity of cannabis products being destroyed, etc. must be kept/maintained;
- Once the destruction is complete, create a record/certificate of destruction, which should accompany any refund claims submitted for the destruction of duty-paid products;
- All records for the destruction must be maintained at Unit #2 – 1725 McPherson Ct, Pickering, ON L1W3E9.

Although we reserve the right to be present during any destruction, mandatory notification and witnessing of destruction is not required for regular, routine destruction. However, unusual destruction or the destruction of packaged goods returned from a purchaser are required to be reported and may require witnessing of the destruction by an officer.

Appendix B

Request for approval of a method of taking cannabis products for analysis

In addition to the review of your cannabis licence application, we considered your request for approval of a method of taking for analysis under the Act. Pursuant to subparagraph 158.3(a)(iii), duty is not payable on a cannabis product that is taken for analysis by a cannabis licensee in a manner approved by the Minister.

Based on the information provided, we understand the following:

- The analysis will be conducted per your QAS-017-00 and QAS-022-00, dated February 6, 2020;
- The method of analysis will be per QAS-017-00 and QAS-022-00, dated February 6, 2020;
- The method will be ongoing; and
- The controls in place will be as per your QAS-017-00 and QAS-022-00, dated February 6, 2020.

Please note that if the analysis will be conducted off-site by a third party, the intermediary testing facility will require authorization from Health Canada.

Based on the information provided, we have determined that the outlined steps would be sufficient to grant authorization for taking cannabis products for analysis under the following conditions (these conditions would apply to any cannabis product in your possession):

- You must keep adequate records and information including the date taken for analysis, type and quantity of cannabis products taken, etc.;
- All records for the cannabis taken for analysis must be maintained at Unit #2 – 1725 McPherson Ct, Pickering, ON L1W3E9.

**This is Exhibit "K" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square box containing a handwritten signature in black ink. The signature appears to be the initials 'mf' written in a cursive style.

A COMMISSIONER FOR TAKING AFFIDAVITS

THIS MEMORANDUM OF UNDERSTANDING is dated as of [REDACTED] 2019

BETWEEN:

CANNAPIECE GROUP INC., a corporation established under the laws of the Province of Ontario
(hereinafter referred to as “CPG”)

- and -

[REDACTED]
(hereinafter referred to as the “Micro-Cultivator”)

WHEREAS:

- A. CPG is the owner of certain land located at 580 Lake Road, Bowmanville, Ontario, upon which CPG is developing a facility (the “**Facility**”) for the purpose of cultivating, processing and selling cannabis and cannabis-derived products pursuant to the *Cannabis Act* (Canada) and its regulations (the “**Cannabis Act**”);
- B. A portion of the Facility will be dedicated for use by micro-cultivators for small scale cannabis cultivation as permitted under the Cannabis Act;
- C. The Micro-Cultivator wishes to cultivate cannabis within a dedicated unit at the Facility; and
- D. The parties have agreed to enter into this Memorandum of Understanding (the “**MOU**”) as a preliminary agreement to stipulate their respective commitments in relation to the Micro-Cultivator’s occupation and use of a unit within the Facility.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the premises, the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. *Commitment to Lease Unit in Facility.* Subject to the terms and conditions of this MOU, CPG agrees to reserve one (1) unit in the Facility for the Micro-Cultivator, and the Micro-Cultivator hereby commits to lease and occupy the unit upon availability.
2. *Premises.* The unit within the Facility to be leased by the Micro-Cultivator (the “**Unit**”) will be a micro-cultivation unit assigned by CPG in its discretion, and will have a gross rentable area of approximately 2,500 square feet. The rentable area will be confirmed by CPG’s independent accredited architect or architectural technologist. The surface area of the Unit that can be used for all types of cannabis plants, including all parts of the plants, must be contained within and could not exceed 2,150 square feet (200 square meter), in accordance with the requirements of the Cannabis Act regulation applicable to micro-cultivation licenses.
3. *Term.* The Micro-Cultivator will lease the Unit from CPG for a term of 5 years, to commence upon the Facility being constructed and the Unit becoming available for occupancy. Provided that the Micro-Cultivator is not in material default of its lease for the Unit, the Micro-Cultivator will have the option to extend the term of the lease for three (3) additional periods of 5 years each for a total of 20 years’ lease agreement, on the same terms and conditions as set forth in the lease agreement,

save and except that the base rent will be adjusted for each 5 additional terms based on the average Canadian inflation and or current market rate.

4. *Use of Premises.* The Micro-Cultivator will use the Unit for the exclusive purpose of cultivating cannabis in compliance with the Cannabis Act Regulation.
5. *Rent.* The Micro-Cultivator will pay CPG base rent for the Unit in the amount of \$20.00 per square foot per annum during the initial term. The Micro-Cultivator will also pay Micro-Cultivator's hydro expenses (separately metered) and additional rent equal to the proportionate share of all expenses of the Facility, including without limitation realty taxes, maintenance and operating costs, insurance, utilities and security costs generally known as TMI. Additional rent will be payable on the basis of estimates provided by CPG, subject to annual reconciliation. Rent will be payable monthly in advance on the first day of each month and is subject to HST. Rent payments will begin on the first day of availability of occupancy of the unit, pro-rated for the first month of occupancy. The lease for the Unit and the base rent payable thereunder will be completely net and carefree to CPG.
6. *Unit Development.* In connection with developing and equipping the Unit for the purpose of cultivating cannabis, CPG will develop and equip the Unit on behalf of the Micro-Cultivator and according to the Cannabis Act regulation subject to the Micro-Cultivator paying CPG's standard development costs as per schedule and shall have the unit ready as a turn key operation for Micro Grow Cultivator.
7. *Cannabis Licensing Consulting Services.* All licensing consulting services including floor plan design, product flow concept, SOP's and CTLS registration assistance will be provided by EzziGroup Inc (EGI) to help obtaining a micro-cultivation license under the Cannabis Act, Such services will include providing guidance regarding completing the license application and responding to Health Canada inquiries.
8. *Supply Commitment.* The Micro-Cultivator is required under an exclusive contract to a minimum of 75% of every harvested cannabis to CannaPiece Corp., a wholly-owned subsidiary of CPG, and CannaPiece Corp. will purchase under a purchase agreement from the Micro-Cultivator at least 75% (or up to 100%) of the cannabis produced by the Micro-Cultivator, or such greater percentage as may be agreed by the parties. The purchase price for such cannabis will be wholesale fair market prices, based on: 1. an agreed upon market pricing calculation that will be based on the existing public index of Cannabis pricing in Canada, and 2. Quality of the Cannabis based on established quality criteria, set in advance, and verified by Laboratory tests of each batch. CannaPiece Corp. will have the right to audit the Unit and the Micro-Cultivator's books and records to verify that the Micro-Cultivator is in compliance with its supply obligations.
9. *Production Standards.* All cannabis produced by the Micro-Cultivator must be according to Cannabis Act Regulation and of a type and standard approved by CPG, CPG has the right to inspect the operation from time to time in its discretion or at the request of the Micro Grow Cultivator to make sure the product is being grown in a safe and compliance environment. All production methods employed by the Micro-Cultivator in producing cannabis shall comply with standards to be stipulated by CPG from time to time.
10. *Compliance.* The Micro-Cultivator will at all times maintain the Unit in compliance with the Cannabis Act. In connection with all cannabis-related activities carried on by the Micro-Cultivator, the Micro-Cultivator will at all times remain in strict compliance with the Cannabis Act, all licenses granted under the Cannabis Act, and all other applicable laws, statutes, regulations, rules, by-laws,

orders and any other requirements of any government, regulatory agency or judicial body having the force of law.

11. *Interim Arrangement; Definitive Agreements.* This MOU is a legally binding agreement. Notwithstanding the foregoing, the parties acknowledge and confirm it is their intention that this MOU will serve only as a preliminary interim agreement in relation to the matters described herein. The parties intend to conclude definitive agreements in connection with the matters provided for herein (the “**Definitive Agreements**”), which agreements will include, without limitation the following:
- (a) Lease agreement for the Unit (By Canadian Craft Growers CCG).
 - (b) Construction Agreement for development of the Unit (By Canadian Craft Growers CCG).
 - (c) Purchase Agreement for the supply of cannabis by the Micro-Cultivator to CannaPiece Corp. (By CannaPiece Corp).
 - (d) Agreement with Ezziigroup Inc. for Consulting Services re: license application.

The Definitive Agreements will be in the standard form prepared by CPG consistent with the provisions of this MOU, and will be executed by the Micro-Cultivator upon availability. Upon the execution and delivery of the Definitive Agreements, those agreements will supersede this MOU and this MOU will terminate. CPG may have the Definitive Agreements entered into by any corporate affiliate of CPG in the place of CPG.

Deposit. Reservation of the Unit for the benefit of the Micro-Cultivator pursuant to this MOU is subject to and conditional upon the Micro-Cultivator paying to CPG a deposit in the amount of \$65,000.00 (the “**Deposit**”) upon the execution of this MOU. The Deposit will be held by CPG as security for the Micro-Cultivator’s obligations under this MOU and the Definitive Agreements. If the Micro-Cultivator refuses or otherwise fails to execute the Definitive Agreements or complete the development and take occupancy of the Unit after the application has being submitted to Health Canada, then CPG may apply the Deposit to compensate for the consulting fees for (EGI) for all losses and damages it incurs as a result of the Micro-Cultivator’s default. However, if a license could not be obtained under the name of the Micro grow applicant due to any situation regarding the name of the applicant, the applicant has the right to add another name to the application and EGI shall re-submit the application for a minimal charge of \$1500 CND. If the Micro-Cultivator pays the deposit and EGI is not able to get the Micro-Cultivator their MGC license, due to no fault of the applicant, the Micro-Cultivator can request the deposit be refunded and CPG is obligated to refund full deposit.

12. *Availability of Unit.* The Micro-Cultivator acknowledges that, as at the date of this MOU, the Facility is under development, and the Micro-Cultivator will not be able to access the Unit until such time as the Facility is constructed and the Unit assigned to the Micro-Cultivator by CPG is available for occupancy.
13. *Recitals.* The recitals to this MOU are true and are incorporated into and form an integral part hereof.
14. *Entire Agreement.* This MOU constitutes the entire agreement among the parties in relation to the subject matter hereof. There are no oral representations or warranties among the parties of any kind. This MOU may not be amended or modified in any respect except by written instrument signed by all of the parties.

15. *Governing Law.* This MOU shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
16. *Successors and Assigns.* This MOU is binding on and shall inure to the benefit of the parties and their respective heirs, executors, administrators, successors and permitted assigns, as applicable. The Micro-Cultivator may not assign or transfer its rights or obligations under this MOU, in whole or in part, without the prior written consent of CPG, which consent shall not be unreasonably withheld or delayed.
17. *Counterparts and Delivery.* This MOU may be executed in any number of counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument. This MOU may be executed and delivered by facsimile or other form of electronic transmission, and the parties may rely on a facsimile or electronic signature as though it were an original signature.

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


CANNAPIECE GROUP

Name: AFSHIN SOUZANKAR

Title: Managing partner

I have authority to bind the corporation

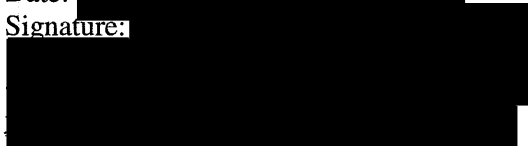
Date: Mar 7, 19

Signature: 

MICRO-CULTIVATOR

Name: 

Date: 

Signature: 

The Toronto-Dominion Bank

88092909

1790 LIVERPOOL ROAD
PICKERING, ON L1V 1V9

DATE 2019-03-07

Transit-Serial No. 272-88092909

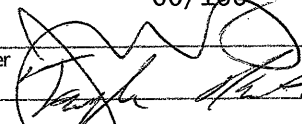

Pay to the
Order of BGD LAW IN TRUST

\$ *****65,000.00

SIXTY FIVE THOUSAND00/100 Canadian Dollars

Authorized signature required for amounts over CAD \$5,000.00
Re Investment w/Carryover - Jorgensen

The Toronto-Dominion Bank
Toronto, Ontario
Canada M5K 1A2

Authorized Officer  2419
Number
Countersigned 

OUTSIDE CANADA NEGOTIABLE BY CORRESPONDENTS AT THEIR BUYING RATE FOR DEMAND DRAFTS ON CANADA

⑈88092909⑈ ⑆096120004⑆

⑈3808⑈

**This is Exhibit "L" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square, white box containing a handwritten signature in black ink. The signature appears to be the initials 'mf' written in a cursive, flowing style.

A COMMISSIONER FOR TAKING AFFIDAVITS

CANNAPIECE GROUP INC.

Unaudited Consolidated Financial Statements
For the 12 months ended December 31, 2021

Cannapiece Group Inc.

For the 12 months ended December 31, 2021

As at December 31, 2021

	December 31, 2021	December 31, 2020
ASSETS		
Current		
Cash and cash equivalents	670,317	738,566
Accounts receivable	4,511,795	1,619,965
Prepaid expenses and other current assets	719,561	407,670
Inventory	2,691,707	150,000
HST receivable	313,297	770,624
Total Current Assets	\$ 8,906,677	\$ 3,686,825
Property, plant and equipment		
Land	2,926,798	2,926,798
Assets under construction	1,048,024	788,611
Equipment and machinery	13,563,441	9,173,302
Leasehold improvements	10,176,545	8,486,332
Accumulated depreciation	(2,103,947)	0
Total Capital Assets	25,610,861	21,375,043
Investments and goodwill	3,099,600	3,584,890
Assets Total	\$ 37,617,138	\$ 28,646,758
LIABILITIES		
Current Liabilities		
Accounts payables and accruals	10,002,104	2,351,083
Unearned Revenue	1,588,109	19,482
Total Current Liabilities	\$ 11,590,213	\$ 2,370,565
Long-Term Liabilities		
Loan	34,845,298	20,729,657
Related party balances	0	143,192
Client deposits	3,376,609	7,066,759
Financing Acquisition Costs	0	1,007,891
Total Long-Term Liabilities	38,221,907	28,947,498
Liabilities Total	\$ 49,812,120	\$ 31,318,063
SHAREHOLDER'S EQUITY		
Share capital	27,541,487	17,015,449
Retained deficit	(39,736,469)	(19,686,754)
Total Shareholders Equity	(12,194,982)	(2,671,305)
Liabilities and Shareholder's Equity Total	\$ 37,617,138	\$ 28,646,758

For the 12 months ended December 31, 2021

For the 12 months ended

	YTD December 31, 2021	YTD December 31, 2020
Revenue	24,642,389	2,014,913
Raw Materials	9,446,779	1,357,676
Production Wages	8,709,487	1,160,653
Production Supplies	1,151,199	-
Total Direct cost of sales	19,307,464	2,518,329
Gross margin	5,334,924	(503,415)
Staff wages	4,408,015	2,984,536
Independent Contractors	40,089	328,830
Occupancy costs	1,288,863	1,023,042
Travel and entertainment	50,052	94,072
Transportation	88,240	106,720
Telecommunications	248,728	194,678
Equipment rental	610,432	90,547
Repair and maintenance	231,580	201,865
Marketing and promotion	143,429	56,795
Professional fees	800,883	872,281
Insurance	839,515	533,648
Bank Charges	31,068	19,765
Office and general	740,972	660,446
Total Operating Expenses	9,521,866	7,167,225
Operating income	(4,186,942)	(7,670,641)
Depreciation & Amortization	2,103,947	-
Interest & Financing Fees	5,620,471	4,589,709
Other expenses/(income)	93,643	1,370,952
Share Compensation Costs	6,000,000	-
Unrealized (Gain)/Loss on investments	558,998	-
Total Other Expenses (Income)	14,377,058	5,960,661
Net Income	(18,564,000)	(13,631,302)
Deficit - beginning of year	(19,686,754)	(6,055,453)
Prior year adjustment	(1,485,714)	
Deficit - end of period	(39,736,469)	(19,686,754)

CANNAPIECE GROUP INC.

Unaudited Consolidated Financial Statements

For the 8 months ended August 31, 2022

Cannapiece Group Inc.

For the month ended August 31, 2022

	August 31, 2022	August 31, 2021
ASSETS		
Current		
Cash and cash equivalents	6,285	1,015,277
Accounts receivable	3,041,594	3,081,279
Prepaid expenses and other current assets	1,748,273	658,323
Inventory	1,757,756	3,719,629
HST receivable	313,297	289,649
Total Current Assets	\$ 6,867,205	\$ 8,764,158
Property, plant and equipment		
Land	0	2,926,798
Assets under construction	366,315	793,708
Equipment and machinery	13,966,739	9,774,862
Leasehold improvements	9,273,048	9,465,485
Accumulated depreciation	(3,506,447)	(1,400,000)
Total Capital Assets	20,099,655	21,560,853
Investments and goodwill	3,099,600	1,453,235
Assets Total	\$ 30,066,460	\$ 31,778,245
LIABILITIES		
Current Liabilities		
Accounts payables and accruals	9,131,269	8,945,981
Unearned Revenue	1,269,184	600,409
Total Current Liabilities	\$ 10,400,453	\$ 9,546,390
Long-Term Liabilities		
Loan	35,098,748	25,064,002
Related party balances	0	159,115
Client deposits	3,242,088	6,883,253
Financing Acquisition Costs	0	2,564,694
Total Long-Term Liabilities	38,340,836	34,671,063
Liabilities Total	\$ 48,741,289	\$ 44,217,453
SHAREHOLDER'S EQUITY		
Share capital	27,541,517	18,135,457
Retained deficit	(46,216,345)	(30,574,664)
Total Shareholders Equity	(18,674,828)	(12,439,208)
Liabilities and Shareholder's Equity Total	\$ 30,066,460	\$ 31,778,245

Cannapiece Group Inc.

For the month ended August 31, 2022

Note	YTD August, 2022	August 31, 2022
Revenue		
	9,601,706	865,176
Revenue - Tolling		
Revenue - Semi-Finished Products	828,602	-
Revenue - Finished Products	449,182	36,491
Revenue - Spot Sale	815,524	56,176
Other Revenue	236,109	9,508
Land Sale	8,500,000	8,500,000
Total Revenue	20,431,123	9,467,351
Direct Costs		
Direct Materials	956,992	85,822
Production Supplies	662,770	133,370
Wages and benefits	4,548,799	393,937
Direct costs - Other	4,759,559	3,681,152
Total Direct Costs	10,928,120	4,294,281
Gross Margin	9,503,003	5,173,071
Gross Margin (excluding Land Sale)	4,599,234	269,302
%	41%	30%
Operating Expenses		
SG&A Wages and benefits	3,533,882	416,601
Independent Contractors	982,353	104,451
Occupancy costs	595,326	63,142
Utilities	850,661	139,327
Travel and entertainment	27,408	288
Transportation and auto	138,452	18,519
Telecommunications and internet	166,560	14,082
Equipment rental	90,849	26,513
Repair and maintenance	203,315	9,063
Advertising and promotion	15,620	1,911
Professional fees	898,485	469,457
Insurance	309,831	38,729
Bank charges	14,864	2,113
General and administrative	73,862	24,140
Total Operating Expenses	7,901,468	1,328,336
Operating Income	1,601,535	3,844,734
Depreciation	1,402,631	175,329
Interest	5,511,960	518,055
Other expenses/(income)	881,986	-
Total Other Expenses	7,796,578	693,384
Net Income	(6,195,043)	3,151,351

**This is Exhibit "M" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

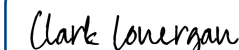
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A COMMISSIONER FOR TAKING AFFIDAVITS

**Cannapiece Group Inc., Cannapiece Corp., Canadian Craft Growers Corp.,
2666222 Ontario Ltd., 2580385 Ontario Inc., and 2669673 Ontario Inc. (together the "Applicants")
Combined Interim Cash Flow Forecast for the period
October 31, 2022 to November 13, 2023
(CAD \$)**

WEEK ENDING		1 2022-11-06	2 2022-11-13	TOTAL
Beginning cash (deficit)		6,190	(152,982)	6,190
Receipts	Notes			
Receipts (existing AR)	1	331,763	203,543	535,306
Receipts (new sales)		-	-	-
Other receipts	2	-	-	-
Total receipts		331,763	203,543	535,306
Disbursements from operations				
Salaries and wages (incl. all taxes)	3	-	469,364	469,364
Employee benefits	4	30,036	-	30,036
Production costs. Supplies and temp. labour	5	208,500	13,500	222,000
Rent	6	78,107	-	78,107
Insurance	7	-	-	-
Utilities, communications, automotive and admin.	8	64,000	-	64,000
Laboratory charges	9	40,000	-	40,000
CAPEX and equipment rentals	10	30,292	23,268	53,560
Repairs and maintenance	11	15,000	-	15,000
Health Canada license renewal fee	12	-	-	-
Government remittances (Excise)	13	-	-	-
Government remittances (HST)	14	-	-	-
First lien debt Interest	15	-	-	-
DIP fees and interest	16	-	-	-
Monitor & its counsel's fees	17	-	-	-
Restructuring costs	18	-	-	-
KERP	19	-	-	-
Contingency	20	25,000	25,000	50,000
Total disbursements		490,935	531,132	1,022,067
Net Cash Flow		(159,172)	(327,589)	(486,761)
Closing cash (deficit)	21	\$ (152,982)	\$ (480,571)	\$ (480,571)

DocuSigned by:

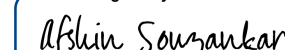


Clark Loneragan

Clark Loneragan

Senior Vice President

DocuSigned by:



Afshin Souzankar

Afshin Souzankar

CEO of the Applicants

**Cannapiece Group Inc., Cannapiece Corp., Canadian Craft Growers Corp.,
2666222 Ontario Ltd., 2580385 Ontario Inc., and 2669673 Ontario Inc. (together the "Applicants")
Combined Cash Flow Forecast for the period
October 31, 2022 to November 13, 2023
(CAD \$)**

Notes to the Unaudited cash flow forecast of the Applicants

In preparing this cash flow forecast (the "**Interim Cash Flow Forecast**") the Applicants have relied upon unaudited financial information and the Applicants have not attempted to further verify the accuracy or completeness of such information. The Interim Cash Flow Forecast includes estimates concerning the operations of the Applicants and additional information discussed below with respect to the requirements of a Companies' Creditors Arrangements Act ("**CCAA**") filing. Since the Interim Cash Flow Forecast is based upon assumptions of future events and conditions that are not ascertainable, the actual results achieved during the period will vary from the Interim Cash Flow Forecast, even if the assumptions materialize, and such variation may be material. There is no representation, warranty or other assurances that any of the estimates, forecasts or projections will be realized.

Overview

The Interim Cash Flow Forecast includes the receipts and disbursements of all of the Applicants during the Interim Cash Flow Forecast period. The Applicants, with the assistance of BDO Canada Limited in its capacity as the proposed monitor of the Applicants (the "**Proposed Monitor**") have prepared the Interim Cash Flow Forecast based primarily on estimated disbursements related to the ongoing operations and to the CCAA proceedings.

Notes/Assumptions:

- 1 Based on Management's best estimate with regards to the Applicants' forecasted sales and the collection of outstanding accounts receivables balance considering existing sales forecasts, payment terms, recent collection history and current market conditions. Amounts due from certain customers are pass through transactions and are accordingly excluded from receipts and disbursements.
- 2 Estimate of funds to be recovered from monies currently held in trust by counsel for a real-estate sale transaction that was never completed. Additionally, the Applicants have ~\$400-\$500K in deposits held by the City of Clarington with regards to a production facility that was never started and the land has previously been sold. The Interim Cash Flow Forecast assumes that none of these funds are collected during this period.
- 3 Wages are made up of employee and contract employee amounts. Employee bi-weekly payroll is administered through an external service provider (inclusive of taxes - paid one week in arrears) and contract employees are paid monthly by the Applicants (for the previous month). Week 2 includes ~\$120k of pre-filing amounts owed to contract employees for the month of October 2022.
- 4 Continuation of employee group benefit plan with the Applicants' current insurance provider.
- 5 Payments for anticipated purchased product (flower and trim), production supplies (solvents, personal protective equipment, etc.), temporary production labour costs and other costs required to continue operations.
- 6 Monthly rental amounts associated with the Applicants' Markham head office and the licensed Pickering production facility.
- 7 Current insurance policy premiums are paid as scheduled. Policy was just renewed and lumpsum financing payment of ~\$118K was recently paid.
- 8 Payment of go-forward utility, communication and security facility costs, automotive expense reimbursement, bank fees and other administration costs.
- 9 Payment of laboratory certification costs required for certain finished product sales.
- 10 On-going capital expenditure payments related to previously purchased and installed pre-roll production equipment, production equipment rental expenses and other miscellaneous rental costs. No new capital expenditures are anticipated during this period.
- 11 Repairs and maintenance amounts for minor repairs that are necessary to maintain the licensed facility.
- 12 Health Canada license renewal costs that were due at the end of September 2022 and are fees for the period up to March 31, 2023.
- 13 Current excise tax is assumed to be paid and remain current during this period.
- 14 HST on post-filing activity is assumed to be paid when due.
- 15 First lien debt is assumed not to be serviced during the first 2 weeks.
- 16 These are amounts required for payment pursuant to the DIP Agreement, monthly interest payments and the facility fee charge.
- 17 Costs of the Proposed Monitor and its counsel to the date of filing and thereafter.
- 18 Costs of the Applicants' legal counsel to the date of filing and monthly amounts thereafter.
- 19 Amounts allocated for a Key Employee Retention Program to assist in retaining key personnel to help manage the CCAA sale, investment and solicitation process, maintain the Applicants' Health Canada license and operations during this period.
- 20 Contingency of \$25K per week is assumed throughout the period to cover unanticipated costs and/or delay in the collection of accounts receivable amounts.
- 21 Cash deficit is funded by the DIP Facility in a single tranche of \$500K on issuance of the Proposed Initial Order.

**This is Exhibit "N" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square, black-and-white image of a handwritten signature, appearing to be the initials 'mf'.

A COMMISSIONER FOR TAKING AFFIDAVITS

LETTER OF COMMITMENT

FROM: Carmela Marzilli
DATED: February 10, 2022
TO: CannaPiece Corp.

Re: Loan (the "**Loan**") to CannaPiece Corp. (the "**Borrower**") from Carmela Marzilli (the "**Lender**") to be secured against the personal property of Borrower, excluding accounts receivable and certain equipment set out in Schedule "B" hereto, (the "**Property**"), and registered as first ranking general and continuing collateral security (the "**General Security Agreement**" or "**GSA**") and guaranteed by the personal guarantees of Ali Etemadi, Reza Khadem, and Afshin Souzankar.

Closing Date: February 16, 2022 (the "**Closing Date**")

This is to confirm that the Lender has approved your loan application and has agreed to advance the Loan to the Borrower on the Closing Date on the following terms and conditions.

LOAN TERMS:

Lender: Carmela Marzilli
Borrower: CannaPiece Corp.
Guarantors: Ali Etemadi, in his personal capacity
Reza Khadem, in his personal capacity
Afshin Souzankar, in his personal capacity
Principal Loan amount: Aggregate amount of \$4,750,000.00

- (a) **1st draw: \$2,850,000.00**
Advance date: February 16, 2022 or earlier
Interest rate: 13% calculated monthly, not in advance
Interest Adjustment Date: March 1, 2022
Monthly instalment: \$30,875.00 on the 1st day of each month
Payment frequency: Monthly, commencing on April 1, 2022
- (b) **2nd draw: \$1,900,000.00**
Advance date: March 7, 2022 or earlier.
Interest rate: 13% calculated monthly, not in advance
Interest Adjustment Date: April 1, 2022
Monthly instalment: \$20,583.33 on the 1st day of each month
Payment frequency: Monthly, commencing on May 1, 2022

(c) The Parties hereto acknowledge and agree that the Lender, although under no obligation, may advance the Borrower additional funds from time to time, in the sole and absolute discretion of the Lender, with respect to new equipment to be purchased. Such future advances shall become secured pursuant to the terms and conditions of the Loan and GSA and any definitive agreement arising herefrom.

Term: 12 Months, Open with 30 days notice
Priority: First priority GSA against the Property
Legal Fees: Approx. \$ TBA Plus HST, plus Disbursements

CONDITIONS OF APPROVAL:

1. The above interest rate is guaranteed until 5:00 p.m. on February 11, 2022. If not accepted by the Borrower by this time, this Loan Commitment shall be null and void by the Lender with the Lender having no liability whatsoever towards the Borrower.
2. Any fees incurred by a third party (e.g. lawyer, appraisal etc.) in reference to this Loan will be the responsibility of the Borrower.
3. The Commitment herein is conditional upon the following terms and conditions:
 - a. There are no executions registered against the name of the Borrower. Where there are executions, the Lender reserves its right to set new terms of understanding with respect to the Loan herein or refrain from proceeding with the Loan in the Lender's sole and absolute discretion.
 - b. There are no other encumbrances or liens registered against the Property or Sheriff's executions against the Borrower, save and except as provided for in this Letter of Commitment.
 - c. Borrower submit satisfactory identification documents at the time of execution of documents.
 - d. Borrower to secure satisfactory fire and liability insurance in favour of the Lender on closing.
 - e. Borrower to execute Lender's form of Private Schedule and Borrower to provide such other further reasonable reassurances required by the solicitor for the Lender prior to advance of the Loan.
 - f. Borrower to pay all the legal costs and disbursements related to the Lender's investigation of the Property, the Borrower's creditworthiness, and the registration of the Loan/GSA against the Property.
 - g. Confirmation that any power of attorney used is valid and has not been revoked to the best knowledge of the notary public who witnessed execution of the power of attorney.
 - h. Statutory Declaration of Confirmation that there are no known or pending super priority liens against the Borrower in favour of Canada Revenue Agency.

4. Please see Schedule "A" – Additional Provisions to Loan.

5. **Borrower's Acknowledgement & Release:**

Borrower hereby acknowledges that the Lender is not obligated to advance the Loan herein if any of the terms and conditions noted above has not been met in a timely fashion by the Borrower. Further, it is hereby agreed that if there are any errors, typographical or otherwise, in the Commitment herein, the Lender reserves the right to amend same and the Borrower agrees to re-execute a new Commitment Letter or initial

the changes on demand provided the amendments are made to reflect the existing understanding of the parties and not create a new one. **The Borrower acknowledges that failure to provide the Lender with a fully executed Commitment Letter (which includes initialing changes to reflect what may be the changing circumstances of the Borrower) amounts to a breach of the Commitment entitling the Lender to terminate its commitment herein without any further notice to the Borrower and without any liability whatsoever. In consideration of the commitment herein and for such other consideration, receipt and sufficiency of which is hereby acknowledge, the Borrower hereby holds the Lender and its solicitor harmless from non-funding of the charge/mortgage as a result of the Borrower's failure to meet the terms and conditions contained herein. This release shall be binding on the heirs and successors of the Borrower.**

6. The Borrower has had the opportunity to consult with a legal advisor prior to execution of the Commitment Letter herein or has waived its right to said legal advice.

7. **Lender' Solicitor:**

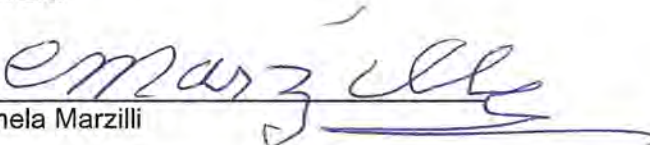
Firm: Peddle & Pollard LLP
Solicitor: John Peddle
Address: 15449 Yonge Street, Aurora, Ontario
Tel: 905-727-1361
Fax: 905-727-9395

Borrowers' Solicitor:

Firm: Scott Petrie LLP
Solicitor: Glenn Hines & Grant Inglis
Address: 200-252 Pall Mall Street, London, Ontario N6A 5P6
Tel: 519-433-5310
E: ghines@scottpetrie.com and ginglis@scottpetrie.com

Yours truly,

LENDER:



Carmela Marzilli

[Borrower's and Guarantors' acceptance and signatures on following page]

Acceptance: We, the undersigned Borrower and Guarantors, hereby accept the Loan commitment and agree with its terms and conditions. We have had at least 48 hours to reconsider the terms contained herein and had the opportunity to consult with a legal advisor to represent our interests alone prior to signing the acceptance herein.

Dated at Markham, Ontario this10.....day of February 2022.

BORROWER:



CannaPiece Corp.
Per: Ali Etemadi, Chief Investment Officer

I have authority to bind the corporation

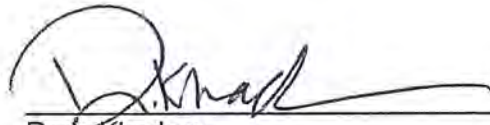
GUARANTORS:

Witness (sign above)
Print name: _____



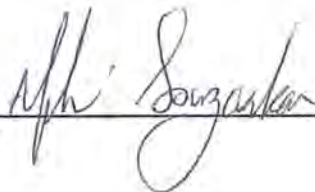
Ali Etemadi

Witness (sign above)
Print name: _____



Reza Khadem

Witness (sign above)
Print name: _____



Afshin Souzankar

**This is Exhibit "O" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

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A COMMISSIONER FOR TAKING AFFIDAVITS

GENERAL SECURITY AGREEMENT

1. Parties to this Security Agreement

CANNAPIECE CORP., a corporation incorporated under the laws of the Province of Ontario, with offices at 1725 Mcpherson Court, 2, Pickering, ON L1W 3E9

(the "Debtor")

- and -

ALI ETEMADI of 7191 Yonge St., 1101, Thornhill, ON L3T 0C4, and **REZA KHADEM-SHAHREZA** of 90 Garden Ave, Richmond Hill, ON L4C 6M1, and **AFSHIN SOUZANKAR** of 39 Kirk Dr., Thornhill, ON L3T 3K8

(collectively, the "Guarantors")

-and-

CARMELA MARZILLI of 132 Carmela Ave, Richmond Hill, ON L4E 2V6

(the "Secured Party")

2. Creation of Security Interest

(1) For value received and as a general and continuing collateral security for the payment of Indebtedness (as defined in Paragraph 3(2)), including any ultimate unpaid balance thereof, owed to the Secured Party and to secure the performance of the obligations under this security agreement or any Related Documents, the Debtor hereby grants, mortgages, charges, transfers, assigns and creates in favour of the Secured Party a first-ranking security interest in and to the Collateral (as defined in Paragraph 2(2)), whether now owned or hereafter acquired directly or indirectly by the Debtor, whether now existing or hereafter arising.

(2) "Collateral" means all of the following:

(a) all of the Debtor's personal property described in Schedule "B" attached hereto and in any other schedules attached to this security agreement and as may be incorporated by reference in this security agreement and as such items may be further defined in the *Personal Property Security Act*, R.S.O. 1990, c.P.10 (the "PPSA");

(b) all patents, trademarks, copyrights and other industrial and intellectual property;
and

(c) all statutory licences, quotas and other transferable rights.

(3) Any reference to Collateral shall, unless the context requires otherwise, be deemed a reference to Collateral or any part thereof.

(4) This security interest shall not apply to, and Collateral shall not include, the last day of the term of any lease or agreement therefor, but upon the enforcement of the security interest the Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

3. Definitions

(1) All phrases which are defined in the PPSA and are not otherwise defined in this security agreement shall have the meaning ascribed by the PPSA, provided always that the term "goods" shall never include "consumer goods" of the Debtor as that term is defined in the PPSA.

(2) "Indebtedness" shall mean all liabilities of every kind and description of the Debtor to the Secured Party, whether now or hereafter owed or any future advance, whether direct, indirect, contingent, and whether the Debtor be bound along or with others and whether as principal or surety. Without limiting the generality of the foregoing, the "Indebtedness" shall include the liability owed to the Secured Party pursuant to a Letter of Commitment dated February 10, 2022 and the loan referenced therein (the "Loan"), the particulars of the said Loan are set forth in Schedule "A" attached hereto.

(3) "Related Documents" shall mean the Letter of Commitment dated February 10, 2022 as executed by the Debtor, and any other loan agreements, account agreements, guarantees, trust deeds, mortgages, other security agreements or any other documents executed in connection with this security agreement or the Indebtedness or related to its operation or administration, whether already existing or executed now or later.

4. Rights and Obligations of Debtor

(1) **Title.** The Debtor warrants and covenants that it holds title or has rights in the Collateral sufficient for a security interest to attach to the Collateral and that there are no existing encumbrances on this Collateral in order that the Secured Party shall have a first-ranking security interest in the Collateral.

(2) **Possession and use of Collateral.** Subject to paragraph 6(2), until default or unless otherwise agreed with the Secured Party, the Debtor may deal with Collateral in the ordinary course of the Debtor's business in any manner consistent with the provisions of this security agreement. Except for inventory sold in the ordinary course of the Debtor's business, the Debtor shall not sell or otherwise transfer the Collateral. The Debtor shall not encumber or permit the Collateral to be further encumbered without the prior written consent of the Secured Party, other than by this security agreement.

(3) Removal of Collateral. The Collateral (or to the extent the Collateral consists of intangible property such as the records concerning the Collateral) is located at the Debtor's address shown above. Except in the ordinary course of the Debtor's business, the Debtor shall not remove the Collateral from its location without the prior written consent of the Secured Party, which consent shall not be unreasonably withheld.

(4) Securities as Collateral. Where Collateral includes securities, the Secured Party may require the Debtor to transfer such securities into the Secured Party's name so that the Secured Party may appear on record as the sole owner of the securities. Until default, the Debtor may retain by way of proxy the voting and dividend rights attached to any such securities and the Secured Party will facilitate exercise of those dividend and voting rights.

(5) Preservation of rights and Collateral. The Debtor shall defend its own and the Secured Party's rights in the Collateral against the claims and demands of all persons. The Debtor shall maintain the Collateral in a condition and state of repair that preserves the value of the Collateral, reasonable wear and tear excluded. The Debtor will not commit or permit damage to or destruction of the Collateral and will effect repair if it occurs. The Debtor shall procure and maintain policies of fire and other casualty insurance covering the Collateral on the basis and in at least the amount described above on terms satisfactory to the Secured Party and with loss payable to the Secured Party and Debtor jointly.

(6) Material changes in information. The Debtor shall notify the Secured Party promptly of:

- (a) any material change in the information contained in this agreement (including the schedules hereto) relating to the Debtor, the Debtor's business or Collateral;
- (b) the details of any change in name of the Debtor;
- (c) the details of any significant acquisitions of Collateral;
- (d) the details of any claims or litigation affecting the Debtor or Collateral;
- (e) any loss of or damage to Collateral.

(7) Debtor's conduct. The Debtor will conduct its business and affairs in a proper and efficient manner, in accordance with applicable law and keep records in accordance with generally accepted accounting procedures. The Debtor shall pay all charges, such as taxes, assessments, claims, liens and encumbrances relating to the Collateral or the Debtor's business and affairs when the same become due. The Debtor will deliver to the Secured Party promptly such information concerning Collateral, the Debtor and the Debtor's business and affairs as the Secured Party may reasonably request.

(8) **Protest.** The Debtor waives protest of any instrument constituting Collateral at any time held by the Secured Party on which the Debtor is in any way liable and, subject to the notice requirements of the PPSA, notice of any other action taken by the Secured Party.

(9) **Joint and several liability.** If more than one Debtor executes this security agreement the obligations of such Debtors hereunder shall be joint and several.

5. **Events of Default**

The Debtor shall be in default under this security agreement or Related Documents upon occurrence of any of the following:

- (a) Non-payment when due, whether by acceleration or otherwise, of Indebtedness;
- (b) Failure to comply within seven (7) days after written notice from the Secured Party demanding compliance with any provision contained in this security agreement or Related Documents, and if compliance is not practically possible, failure to take steps that will produce compliance as soon as is reasonably practical;
- (c) Any warranty, representation or statement made or furnished to the Secured Party by or on behalf of the Debtor proves in any material respect to have been false when made or furnished;
- (d) Bankruptcy or insolvency of the Debtor; the filing against the Debtor of a petition in bankruptcy; the making of an authorized assignment for the benefit of creditors by the Debtor; the appointment of a receiver, trustee, or liquidator for the Debtor or for any assets of the Debtor; or the institution by or against the Debtor of any type of insolvency proceeding or creditor rearrangement;
- (e) Cessation of the Debtor's viability as a going business concern; or
- (f) On the occurrence of such other events where the Secured Party considers in good faith and on commercially reasonable grounds that the Collateral is in jeopardy or that the Secured Party's position is insecure.

6. **Secured Party Rights and Obligations**

(1) **General rights.** In addition to the rights granted herein, the Secured Party may enforce any other rights and remedies it may have at law or in equity, and specifically shall have all rights and remedies of a Secured Party under the PPSA. All rights and remedies of the Secured Party are cumulative.

(2) **Inspection of Collateral and right of access.** The Secured Party shall have the

right at any time to confirm the existence and state of the Collateral in any manner the Secured Party may consider appropriate and the Debtor agrees to furnish all assistance as the Secured Party may reasonably request in connection therewith. The Debtor grants to the Secured Party or its agents access to all places where Collateral may be located and to all premises occupied by the Debtor for the purposes of inspection or obtaining possession.

(3) **Receivers and others.** The Secured Party may appoint by instrument a receiver or other person to act on its behalf before or after default or in any insolvency or like proceeding (receiver includes a receiver-manager). The appointee has all the powers of the Secured Party under this security agreement. In addition, on instructions from the Secured Party, the receiver shall be entitled to carry on the business of the Debtor with all the powers that the Debtor would have to operate its business for such time as the receiver determines it advisable and in the best interest of the Secured Party.

(4) **Acceleration.** The Secured Party may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable on the occurrence of any default.

(5) **Possession and disposition of Collateral.** The Secured Party may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give binding receipts and discharges therefor. The Secured Party in possession may use Collateral as it sees fit, providing that any income from Collateral is applied to the Debtor's account. Upon default, the Secured Party may also sell, lease or otherwise dispose of Collateral in any commercially reasonable manner. Notwithstanding the foregoing, no exercise by the Secured Party under this security agreement will have the effect of deeming the Secured Party to be a mortgagee in possession.

(6) **Costs.** The Debtor agrees to pay all charges, including solicitors', auditors', receivers' or like persons' costs and remuneration or other expenses reasonably incurred by the Secured Party or other party appointed by the Secured Party in operating the Debtor's accounts and in preparing or enforcing this security agreement. Such sums shall constitute a future advance increasing the Indebtedness hereunder.

(7) **Deficiencies.** The failure of the Secured Party to receive full payment or satisfaction of Indebtedness through its rights and remedies herein provided shall not in any way release the Debtor from the obligation to satisfy any deficiency, including any costs of realization.

(8) **Waivers.**

(a) No variation, amendment (except for any schedules which may be added hereto pursuant to the provisions of this agreement) or waiver of any provision of this security agreement shall be effective unless made by written agreement executed by the parties to this security agreement.

(b) No delay or omission by the Secured Party in exercising any rights or remedy hereunder or with respect to any Indebtedness shall operate as a waiver of that right or remedy and no single or partial or partial exercise of any right or remedy shall preclude any other exercise of cumulative rights and remedies.

(c) The Secured Party may remedy any default or perform any duty of the Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving any other prior or subsequent default by the Debtor.

7. Personal Guarantees

(a) In consideration of the Secured Party accepting the Debtor's granting of a security interest in the Collateral as security for the repayment of the funds owed by the Debtor to the Secured Party as aforesaid, and for other good and valuable consideration between the Secured Party and the Guarantors, the receipt and sufficiency is hereby acknowledged, the Guarantors and each of them do hereby jointly and severally absolutely and unconditionally guarantee to the Secured Party and the Secured Party's successors and assigns, the due and punctual payment of all principal monies, interest and other monies owing by the Debtor to the Secured Party and the observance and performance of the covenants, agreements, terms and conditions as contained herein. If default shall at any time be made by the Debtor in payment of the monies due or the performance of the covenants of the Debtor or the payment of any other sums which may be payable from time to time with respect to the Loan, the Guarantors shall pay the said monies and any arrears thereof that remain due and any other sums which may be payable from time to time hereunder, and also all damages and legal or other costs, charges and expenses on a full indemnity basis that may arise in connection with or as a consequence of the non-performance of the said covenants or any of them, and it shall not be necessary to notify the Guarantors of any default.

(b) Each of the Guarantors for himself and for his heirs, executors, personal representatives, successors and assigns, hereby covenants with the Secured Party that if Debtor shall at any time make default in the due and punctual payment of any monies payable with respect to the Indebtedness that the Guarantors will pay all such monies to the Secured Party without any demand being required to be made.

(c) Each of the Guarantors further acknowledge and agree that as between each of the Guarantors and the Secured Party, the Guarantors shall be considered primarily liable for the payment of all monies hereby guaranteed and any indulgence shown by the Secured Party in respect of any default by Debtor which may arise under this security agreement shall not affect the liability of the Guarantors hereunder. No extension or extensions granted by the Secured Party to the Debtor with respect to payment of any monies herein secured or for the doing, observing or performing of any covenant, agreement, term and/or condition contained in this security agreement and to be done, observed or performed by Debtor shall alter, vary or in any way prejudice the Secured Party or affect the liability of the Guarantors or any one or more of them as a guarantor under this Personal Guarantee, which Personal Guarantee shall continue and

be binding upon each of the Guarantors as well after as before maturity of the Indebtedness, and both before and after default and judgment, until the said monies are fully paid and satisfied.

(d) Any payment by the Guarantors or by any one of them of moneys under this Personal Guarantee shall not in any event be taken to affect the liability of the Debtor for payment thereof but such liability shall remain unimpaired and enforceable by the Secured Party against the Debtor.

8. Subordination

No action by the Secured Party shall constitute a subordination of its security interest to any other interest in the Collateral unless such subordination is effected by an agreement in writing, titled "Subordination Agreement", signed by the Secured Party.

9. Assignment by Secured Party

The Secured Party may assign in whole or in part its interest in this security agreement, subject to the rights of the Debtor herein. The Debtor shall, within a reasonable time after receipt of written request from the Secured Party. Execute an acknowledgement or certificate in favour of any assignee of the Secured Party acknowledging or certifying as to the status of this security agreement, the Indebtedness, and/or as to any modification of this security agreement, with the intent that any such acknowledgement or certificate may be relied upon by the assignee of the Secured Party.

10. Successor Interests

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

11. Applicable Law

This security agreement and Related Documents shall be governed by the laws of the Province of Ontario as same may be from time to time in effect, including, where applicable, the PPSA.

12. Amendments

No modification, variation or amendment of any provision of this security agreement shall be valid unless made in writing and executed by the parties hereto, and no waiver of any provision hereof shall be effective unless made in writing and signed by the party purporting to be bound by such waiver.

13. Termination

This security agreement shall remain in full force and effect until the Indebtedness has been paid and written notice of discharge by the Secured Party is received by the Debtor.

14. Notices

Any notice required or permitted to be given by the Secured Party shall be validly given if made in writing and personally delivered, sent by courier, or by registered mail, or sent by facsimile transmission with a copy sent by regular mail to the Debtor and/or the Guarantors at those addresses set forth on the first page of this security agreement.

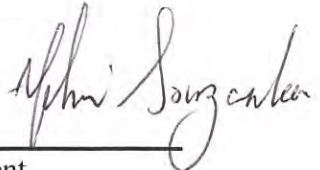
14. Acknowledgments of Debtor and Guarantors

The Debtor and each of the Guarantors hereby acknowledge receipt of a copy of this security agreement.

(remainder of this page is intentionally left blank)

IN WITNESS WHEREOF the Debtor and each of the Guarantors have executed this security agreement this 28th day of February, 2022.

CANNAPIECE CORP.

Per: 

Afshin Souzankar, President
I have authority to bind the Corporation




Witness



Amir Temadi – Guarantor



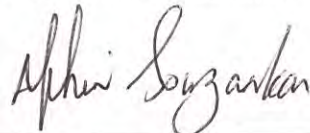
Witness



Reza Khadam-Shahreza – Guarantor



Witness



Afshin Souzankar - Guarantor

SCHEDULE "A"

PARTICULARS OF LOAN

Principal Amount of Loan: Aggregate amount - \$4,750,000.00

- Draws/Tranches:**
- (a) **First Draw - \$2,000,000.00**
Advance Date – on or before March 1, 2022
Interest Rate – 13% per annum, calculated monthly, not in advance
Interest Adjustment Date – March 1, 2022
Monthly interest-only instalment - \$21,666.67 payable on the 1st day of each month commencing April 1, 2022
Maturity Date – April 1, 2023

 - (b) **Second Draw - \$2,750,000.00**
Advance Date – March 7, 2022
Interest Rate – 13% per annum, calculate monthly, not in advance
Interest Adjustment Date – April 1, 2022
Monthly interest-only instalment - \$29,791.67 payable on the 1st day of each month commencing May 1, 2022
Maturity Date – April 1, 2023

Prepayment Privilege: When not in default, the Debtor shall have the privilege to prepay the entire outstanding balance as may be owing with respect to the Loan without bonus or penalty upon a minimum of 30 days' notice in writing to the Secured Party.

SCHEDULE "B"

DESCRIPTION OF COLLATERAL

(a) Equipment:

all present and future equipment of the Debtor, including all machinery, fixtures, plant, tools, furniture, vehicles of any kind or description, all spare parts, accessories installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating thereto ("Equipment");

(b) Inventory:

all present and future inventory of the Debtor, including all raw materials, materials used or consumed in the business or profession of the Debtor, work-in-progress, finished goods, goods used for packing, materials used in the business of the Debtor not intended for sale, and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service ("Inventory");

(c) Accounts: *Intentionally Deleted*

(d) Intangibles:

all present and future intangible personal property of the Debtor, including all contract rights, goodwill, patents, trademarks, copyrights and other industrial property, and all other causes in action of the Debtor of every kind, whether due at the present time or hereafter to become due or owing ("Intangibles");

(e) Documents of Title:

all present and future documents of title of the Debtor whether negotiable or otherwise including all warehouse receipts and bills of lading ("Documents of Title");

(f) Chattel Paper:

all present and future agreements made between the Debtor as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods ("Chattel Paper");

(g) Instruments:

all present and future bills, notes and cheques as such are defined pursuant to the *Bills of Exchange Act* (Canada), and all other writings that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery without any necessary endorsement or assignment ("Instrument");

(h) Money:

all present and future money of the Debtor, whether authorized or adopted by the Parliament of Canada as part of its currency or any foreign government as part of its currency ("Money");

(i) Securities:

all present and future securities held by the Debtor, including shares, options, rights, warrants, joint venture interests, interest in limited partnerships, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer; and including an uncertificated security within the meaning of Part VI - "Investment Securities" of the *Business Corporation Act of Ontario* and all substitutions therefor and dividends and income derived therefrom ("Securities");

(j) Documents:

all books, invoices, letters, papers, documents and other records in any form evidencing or relating to Collateral subject to the security interest ("Documents");

(k) Undertaking:

all present and future personal property, business and undertaking of the Debtor not being Inventory, Equipment, Accounts, Intangibles, Documents of Title, Chattel Paper, Instruments, Money, Securities of Documents ("Undertaking");

(l) Proceeds

all personal property in any form derived directly or indirectly from any dealing with Collateral subject to the security interest or the proceeds therefrom, and including any payment representing indemnity or compensation for loss of or damage thereto or the proceeds therefrom ("Proceeds");

The Inventory, Equipment, Intangibles, Documents of Title, Chattel Paper, Instruments, Money, Securities, Documents, Undertaking and Proceeds are collectively called the "Collateral". Any reference in this security agreement to Collateral shall mean Collateral or any part thereof, unless the context otherwise requires.

For greater certainty, it is agreed between the Debtor and the Secured Party that all accounts receivable ("A/R") shall not be included in or form part of Collateral, and the Secured Party shall have no security interest in or claim to any part of the Debtor's A/R. Further, the Secured Party acknowledges and agrees that the equipment of the Debtor over which the Secured Party has a security interest and which forms a part of the Collateral shall not include those items of equipment set forth in Schedule "C" attached hereto.

SCHEDULE "C"

EQUIPMENT EXCLUDED FROM THE COLLATERAL

The Secured Part hereby acknowledges and agrees that the following list of equipment shall not form part of the Collateral secured under this security agreement:

Item	Quantity
30 Ton Fluid Cooler	1
100 Ton Air Cooler - model CGAM by Trane	1
Performance Climate Changer - model AHU-5T sz.6 by Trane	1
AI Vaccum Oven for Gas Purging 7.5CF	2
Reactors for Winterization and Crystalization	2
AI Deep Freezers	2
Ecodyst Rotary Evaporator	1
AI Vaccum Oven for Gas Purging 7.5CF	2
PRESCOT Distillation Lab Equipment	1
HAL Fume Booths	1
Halogen Moisture Analyzer	1
FlackTek Speed Mixer 1/2 kg VAC (to be upgraded to 1 kg when ready, please see notes) (placed order on June 9th)	1
CDO -28-CS Cascade Dry & Decarb	2
Flack Tek Speed Mixer	2
Ecodyst Rotary Evaporator	1
PRESCOTT P1000	1
MEP 30	1
Extraction System R400H - R-Series, 400L, 5000 PSig	1
ScrubEx 1.0 Large Volume Dispenser & Receiver	2

**This is Exhibit "P" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square, white box containing a handwritten signature in black ink. The signature consists of the lowercase letters 'm', 'j', and 'f' written in a cursive, flowing style.

A COMMISSIONER FOR TAKING AFFIDAVITS

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT, dated as of the 27th day of May, 2020 between **2125028 ONTARIO INC.**, an Ontario corporation having its registered office at 333 Bay Street, Suite 2400, Toronto, Ontario M5H 2T6 (“**Lender**”), and **CANNAPIECE CORP.**, an Ontario corporation having its principal place of business at 1725 McPherson Court, Pickering, Ontario L1W 3E9 (“**Borrower**”).

Preliminary Statement

The parties hereto contemplate that Lender will make a loan in the principal amount of \$3,000,000 to Borrower, the repayment of which will be secured by, *inter alios*, the Equipment Collateral (defined herein).

IN CONSIDERATION OF the mutual promises and agreements contained herein, Lender and Borrower hereby agree as follows:

1. Interpretation

1.1 For the purpose of this Agreement:

- (a) “**Agreement**” means this loan and security agreement and any and all applicable schedules or Exhibits hereto, unless the context otherwise requires, and “hereof”, “herein”, “hereby”, “hereunder” and similar expressions refer to this Agreement.
- (b) “**Arrangement Letter**” means the arrangement letter of even date herewith between Borrower and Lender pursuant to which this Agreement is being entered into between the parties.
- (c) “**business day**” means a day when commercial banks are generally open for business in the City of Toronto.
- (d) “**change**” means change, modify, alter, amend, supplement, extend, renew, compromise, novate, replace, terminate, release, discharge, cancel, suspend or waive.
- (e) “**Claims**” has the meaning assigned in Section 17.
- (f) “**Costs of Disposition**” with respect to Equipment means all costs, disbursements, fees (legal and other), commissions and other expenses which Lender may incur, pay or be liable for in connection with recovering possession of, dismantling, removing, transporting, repairing, processing, reconditioning, storing, preparing for disposition, selling, leasing or otherwise disposing of Equipment.
- (g) “**Default**” occurs when any of those events or circumstances specified in Section 13.1 occurs.

- (h) “**Default Interest Rate**” means 18% per annum.
- (i) “**Equipment**” means the items of property identified in Exhibit A hereto which Borrower’s use in its business, together with all replacement parts and components, alterations, additions, accessions and attachments, accessions and accessories incorporated or installed therein and/or affixed thereto and, when required by the context, individual items thereof.
- (j) “**Equipment Collateral**” is used as defined in Section 12.1.
- (k) “**Equities**” means existing or future rights of counterclaim, defence, set-off, compensation, abatement or off-set, legal or equitable.
- (l) “**Fees**” means fees payable hereunder or under the Arrangement Letter.
- (m) “**HST**” means harmonized sales tax.
- (n) “**Indemnified Parties**” is used as defined in Section 17.
- (o) “**Interest Rate**” means 7.3 % per annum.
- (p) “**Lender’s Return**” at any time means the amount by which (i) the aggregate sum of all future Loan Payments discounted to present value at that time at the rate equal to the then prevailing yield of Government of Canada Treasury Bills or Bonds selected by Lender having a maturity comparable to the final scheduled Loan Payment Date *exceeds* (ii) the aggregate sum of all remaining scheduled Loan Payments discounted to present value at that time at the rate of 7.3% per annum, compounded monthly.
- (q) “**Lien**” means any lien, privilege, mortgage, pledge, hypothec, charge, security interest, attachment, assignment, seizure, sequestration, distress, levy or other encumbrance or adverse claim of any nature or kind whatsoever.
- (r) “**Loan**” means the loan advanced by Lender to Borrower pursuant to Section 3 or the outstanding principal balance thereof, as the context requires. Exhibit B hereto sets forth the amortized principal amount of the Loan if Borrower makes each Loan Payment on each scheduled Loan Payment Date.
- (s) “**Loan Payment**” means the periodic loan payments in the amount of \$59,829.13 each payable on the 26th day of each calendar month commencing on June 26, 2020 with a final payment on May 26, 2025.
- (t) “**Loan Payment Date**” means a date on which a Loan Payment is made or due to be made hereunder, as the context requires.

- (u) **“Loss of Equipment”** means:
 - (i) a total or constructive total loss of Equipment, or damage thereto which, in the reasonable opinion of Lender, renders it impossible or impractical to use Equipment for its intended purpose; or
 - (ii) expropriation or confiscation of Equipment by any authority absolutely or for more than 180 days.

- (v) **“Obligation”** means any obligation to repay the Loan or to pay any Loan Payment or other amount which may be owing by Borrower under this Agreement or to perform any other obligation or undertaking of Borrower hereunder.

- (w) **“Overdue Payment”** means the Loan or any Loan Payment, any other amount owing by Borrower hereunder or any sum disbursed by Lender pursuant to Section 16 which is not paid when due hereunder, or any portion thereof, as the context requires.

- (x) **"Permitted Liens"** means (i) statutory deemed trusts and liens in respect of claims for unpaid wages, vacation pay, worker's compensation, unemployment insurance, pension plan contributions, employee or non-resident withholding tax source deductions, unremitted sales taxes, goods and services taxes, customs duties or similar statutory obligations, but only if the obligations secured by such deemed trusts and liens are paid when due, (ii) repairer's and materialmen's liens, but only if the obligations secured by such liens are paid when due and no Lien has been registered or asserted against any Equipment, (iii) the Liens created by the 1st Loan Agreement and this Agreement and (iv) such other Liens as may be approved by Lender from time to time.

- (y) **“person”** means any natural person, corporation, firm, partnership, trust, sole proprietorship or governmental agency, authority or other entity, however constituted or designated.

- (z) **“Pledge”** means mortgage, charge, pledge, hypothecate, assign or grant a security interest and the security resulting therefrom.

- (aa) **“PPSA”** means the *Personal Property Security Act* (Ontario) and the regulations issued thereunder.

- (bb) **“Receiver”** means any receiver or receiver and manager for Borrower or the Equipment Collateral appointed by Lender pursuant to this Agreement or by a court on application by Lender.

- (cc) **“representative”** means 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.

- (dd) “**Security**” at any time means the Liens created (or intended by their express or implied terms to be created) by this Agreement.
- (ee) “**Supplier**” means any manufacturer, supplier, vendor or dealer in Equipment or any other person from whom Borrower acquired the Equipment or hereafter acquires Equipment.
- (ff) “**Taxes**” means any and all taxes, imposts, levies, fees, duties and charges imposed by any federal, provincial, municipal or other taxing authority on Lender, Borrower or Equipment, its purchase, sale, ownership, delivery, possession, operation or lease, including sales, excise, use, property, business transfer, goods and services , HST and value added taxes (including any penalties or interest based on late or non-payment), but excluding taxes imposed on or measured by Lender’s overall net income.
- (gg) “**Warranties**” means any and all warranties, guarantees, representations, service contracts, contracts to stock spare parts and similar agreements, oral or written, express, implied or statutory, relating to Equipment.

- 1.2 In this Agreement, unless the context otherwise requires, (i) words and expressions (including words and expressions (capitalized or not) defined, given extended meanings or incorporated by reference herein) in the singular include the plural and vice versa (the necessary changes being made to fit the context); (ii) words in one gender include all genders; (iii) grammatical variations of words and expressions (capitalized or not) which are defined, given extended meanings or incorporated by reference in this Agreement shall be construed in like manner, (iv) “or” is to be construed both in the conjunctive and the disjunctive and (v) “including” is to be construed to 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.
- 1.3 Each reference in this Agreement to any agreement or document (including this Agreement and any other term defined herein 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 All references herein to statutes include the statute as it may be amended, restated or replaced with legislation of reasonably comparable effect.
- 1.5 If any payment is otherwise expressed herein to be due on a day that is not a business day, it shall instead be due on the next business day.
- 1.6 Nothing in this Agreement is intended to create any rights (including subordination rights or any release of Security) in favour of any Person other than Lender, any Receiver and the other Indemnified Parties.

2. ***Agreement of Loan***

Upon and subject to the terms and conditions of this Agreement, Lender hereby agrees to lend to Borrower, and Borrower agrees to borrow from Lender, a loan in the principal amount of \$3,000,000 on the date hereof. Borrower hereby irrevocably authorizes and directs Lender to advance the Loan on the date hereof to it as follows:

- (a) to deduct \$93,750 from the amount of the Loan and apply it to pay the facility fee payable by Borrower to Lender under the Arrangement Letter in respect of the 1st Loan;
- (b) to deduct \$37,855 from the amount of the Loan and apply it to pay the Expenses (as defined in the Arrangement Letter) and any other reimbursable fees, costs and expenses due and payable by Borrower to Lender under Section 38; and
- (c) to wire transfer the balance in the amount of \$2,868,395 to the Borrower.

3. ***Conditions Precedent***

Borrower agrees to satisfy each of the conditions precedent to advance of the Loan today. Upon satisfaction by Borrower of the following conditions precedent, Lender will advance the Loan to Borrower:

- (a) Lender has received each of the following in form and substance satisfactory to the Lender (in original or, at the Lender's discretion, pdf, facsimile or other copy):
 - (i) a Certificate of Borrower (A) attaching true copies of (1) its articles and any unanimous shareholder agreement; together with its by-laws, if any, and (2) all necessary corporate action taken by it to authorize the execution, delivery and performance of this Agreement and the Arrangement Letter and the consummation of the transactions contemplated hereby and thereby, (B) as to incumbency and true signatures of each individual signing this Agreement and the Arrangement Letter, (C) confirming each representation and warranty made by Borrower hereunder and under the Arrangement Letter is true, accurate and complete in all respects, (D) certifying that no Default or event which, with the giving of notice, lapse of time or both, would become or result in a Default has occurred that is continuing and (E) as to such other matters as the Lender may reasonably require;
 - (ii) a certificate of status with respect to Borrower from the Ontario Ministry of Government Services;

- (iii) this Agreement and the Arrangement Letter duly executed by Borrower;
 - (iv) such property and third party liability insurance policy certificates on Equipment, including additional insured and loss payee endorsements, and certificates of insurance as Lender may reasonably require;
 - (v) discharge statements and/or releases for all Liens that are not Permitted Liens, amendments or discharges of Lien registrations that are capable of perfecting Liens in priority to or *pari passu* with the Security and/or subordination agreements or limitation or disclaimer of interest letters and releases of or undertakings to release all such Liens;
 - (vi) an opinion from legal counsel to Borrower on all matters incident to this Agreement and the Arrangement Letter as Lender may reasonably require; and
 - (vii) all other documents, declarations, certificates, agreements and notices that the Lender may reasonably require.
- (b) Borrower has established a pre-authorized payment order (PAPP) with its bankers to transfer each Loan Payment on each Loan Payment Date to Lender's bank account number 10282 016 159703 001 maintained by Lender with HSBC Bank Canada;
- (c) the Security created hereunder has been registered wheresoever required by Lender;
- (d) any Fees due and owing to Lender hereunder on the date hereof have been paid to Lender in full or arrangements satisfactory to Lender have been made to ensure that all such Fees will be paid in full to Lender contemporaneously with the advance of the Loan by Lender to Borrower; and
- (e) all reasonable out-of-pocket fees, costs and expenses (invoiced or estimated) incurred by Lender in connection with this Agreement (including those payable to its legal counsel) have been paid in full to Lender or arrangements satisfactory to Lender have been made to ensure that all such out-of-pocket fees, costs and expenses will be paid in full to Lender contemporaneously with the advance of the Loan by Lender to Borrower.

Lender may, in its sole unfettered discretion, waive, with or without conditions, any of the conditions precedent set forth above.

4. *Loan Payments*

Borrower agrees to repay the Loan to Lender by way of 60 equal monthly blended repayment instalments (the Loan Payments). Unless otherwise stated, the first (1st) Loan Payment is due on June 26th, 2020 and subsequent Loan Payments are due on the 26th day in each following calendar month with a final payment on May 26th, 2025.

5. *Interest*

5.1 Borrower shall pay interest on the Loan to Lender at the Interest Rate calculated and payable from the date hereof until the date the Loan is due and payable hereunder.

5.2 If any sum payable by Borrower to Lender is not paid when due and payable hereunder (whether on its stipulated due date, on demand, on acceleration or otherwise), Borrower shall pay Lender interest on the outstanding balance thereof at the Default Interest Rate, compounded and payable monthly in arrears on each Loan Payment Date.

5.3 Interest payable on any amount under this Agreement shall be (a) calculated upon the daily outstanding balance of such amount from the date it is first outstanding or advanced until the date it is paid or repaid in full to Lender, (b) paid in Canadian dollars and (c) payable in arrears on each Loan Payment Date and on the date the final balance thereof is paid or repaid in full to Lender based upon the actual number of days elapsed in the relevant period of calculation. Interest payable on each such amount shall be payable both before and after demand, default and judgment at the applicable rate set out in this Section 5 with interest on overdue interest at the same rate.

5.4 Each of the Interest Rate and the Default Interest Rate is expressed on the basis of a 365 or 366 day year, as applicable

6. *Maintenance, Use, Operation, Alterations, Upgrades, etc.*

6.1 Borrower shall:

- (a) maintain Equipment in good operating condition, repair and appearance, ordinary wear and tear only excepted;
- (b) comply with all recommendations or requirements of Supplier regarding Equipment so as to preserve all Warranties; and
- (c) at Lender's request, enter into a maintenance agreement for Equipment for the full term of this Agreement with Supplier or a competent service and maintenance person approved by Supplier.

6.2 Borrower shall not, without Lender's consent, make any alterations, additions, accessions or attachments to Equipment. Such consent will only be granted if such changes:

- (a) do not materially decrease the value of Equipment or limit, interfere with, or frustrate its intended use;
- (b) do not prejudice or adversely affect any Warranties; and
- (c) are free from, and do not subject Equipment to, any Lien.

6.3 All replacement parts and components, alterations, additions, accessions and attachments, accessions and accessories to Equipment shall be free of Liens, shall be deemed to comprise part of the Equipment and shall be subject to this Agreement.

6.4 Borrower shall affix and keep affixed to Equipment any identification labels supplied by Lender.

7. *Inspection*

The representative of Lender shall have the right to inspect Equipment at all reasonable times upon reasonable notice to Borrower.

8. *Insurance*

8.1 Borrower shall at its own expense place and maintain:

- (a) comprehensive all risks insurance on Equipment for its full replacement value. Such insurance shall include: **(i)** Lender as a named insured, **(ii)** a loss payable clause in favour of Lender, and **(iii)** a waiver of subrogation clause in favour of Lender; and
- (b) general public liability and property damage insurance with limits of liability at least equal to \$2,000,000 or such greater amount as Lender may require. Such insurance shall: **(i)** extend to all liabilities of Borrower under this Agreement arising out of its use or possession of Equipment, **(ii)** include Lender as first loss payee and an additional named insured, and **(iii)** include a cross liability provision which insures each person insured thereunder in the same manner and to the same extent as if a separate policy had been issued to each.

8.2 All policies of insurance shall contain endorsements providing that: **(a)** 30 days' written notice shall be given to Lender before the policy is materially altered or cancelled; **(b)** the insurance shall be primary and not contributory; **(c)** Lender's interest as a named insured shall not be invalidated or otherwise adversely affected by any act or omission, deliberate, negligent or otherwise, of Borrower or its agents, servants or employees; **(d)** Lender shall not be responsible for payment

of any premiums; and (e) Lender may elect to have all proceeds of loss payable only to itself.

8.3 Borrower shall, on request, supply Lender with certified copies of all insurance policies or other evidence satisfactory to Lender evidencing the required coverage.

9. *Taxes, etc.*

Borrower shall have the sole responsibility for and shall duly and punctually pay all Taxes and all licence and similar fees payable at any time upon, or in respect of, Equipment, this Agreement, any Loan Payments and any other payments or transactions contemplated hereunder.

10. *Liens*

Borrower shall keep Equipment free of Liens, other than Permitted Liens.

11. *Laws and Regulations*

Borrower shall comply with all laws and regulations relating to use, operation or possession of Equipment or the ownership thereof.

12. *Security*

12.1 As general and continuing collateral security, without impairment or novation, for the due payment and performance of the Obligations, Borrower hereby grants Lender a security interest in (a) all Equipment, (b) all other items of equipment which Lender hereafter finances pursuant to the 2nd Loan Agreement (as defined in the Arrangement Letter), together with all replacement parts and components, alterations, additions, accessions and attachments, accessions and accessories incorporated or installed therein and/or affixed thereto, (c) all replacements of or substitutions for any items of property referred to in this Section 12.1, (d) all proceeds and personal property in any form derived directly or indirectly from any property referred to in this Section 12.1 or from any disposal of or other dealing with any such property, or that indemnifies or compensates for such property stolen, lost, destroyed or damaged, and proceeds of proceeds whether or not of the same type, class or kind as the original proceeds and (e) all Borrower's present and after-acquired rights in and to any or all of the property referred to in this Section 12.1. Borrower also hereby assigns to Lender all Borrower's present and after-acquired rights in and to any or all of policies of insurance on any Equipment Collateral.

12.2 Borrower agrees that value has been given, that Borrower and Lender have not agreed to postpone the time for attachment of the Security and that the Security is intended to attach, as to all Equipment Collateral in which Borrower now has rights when Borrower executes this Agreement, and, as to all Equipment Collateral in which Borrower only has rights after the execution of this

Agreement, when Borrower first has such rights. For certainty, Borrower confirms and agrees that the Security is intended to attach to all present and future Equipment Collateral of Borrower and each successor of Borrower.

13. Default

13.1 It shall be a Default under this Agreement if:

- (a) Borrower fails to pay any Loan Payment within 10 days of notice by Lender to Borrower of non-payment on its due date;
- (b) any representation or warranty of Borrower expressed herein is false or materially misleading;
- (c) Borrower fails to pay or perform any other Obligation, or any obligation under any other agreement with Lender, and such failure continues for 10 days after notice thereof by Lender to Borrower;
- (d) any act of bankruptcy takes place respecting Borrower, any resolution is passed with respect to or any proceedings, voluntary or involuntary, are commenced under any present or future statute or law relating to bankruptcy, insolvency, liquidation, winding-up, dissolution or relief from or compromise or arrangement with creditors of Borrower;
- (e) Borrower ceases or threatens to cease to carry on business or makes or proposes to make any sale of the whole or any substantial part of its assets in bulk, or otherwise out of the normal course of business or proposes or attempts to merge or amalgamate with any corporation;
- (f) any execution, sequestration, seizure, expropriation, restraint or similar process is brought against, or if a distress or analogous process is levied upon the whole or any part of the property of Borrower or Equipment;
- (g) any receiver, administrator, receiver and manager or similar official is appointed for Borrower or respecting all or any part of the property, assets or undertaking of Borrower, including Equipment, whether pursuant to any private instrument or agreement or by order of any court;
- (h) if ownership of or control and direction over the assets or undertaking of Borrower, including Equipment, or the majority of its voting shares changes, by amalgamation, merger, sale, transfer of shares or otherwise, except pursuant to death of a shareholder, without the prior consent of Lender; or
- (i) any event or circumstance described in any of paragraphs (d) through (h) included in this section, occurs with respect to any guarantor or surety of Borrower or any person who controls Borrower or any affiliate of Borrower (and for this purpose “control” and “affiliate” shall have the

respective meanings attributed thereto in the *Canada Business Corporations Act*).

- 13.2 If any event or circumstance has arisen or occurred which, with notice and/or lapse of time, could reasonably be expected to become a Default, any or all Borrower's rights hereunder and Lender's obligations hereunder shall, at the option of Lender, be suspended.

14. *Lender's Remedies on Default*

Upon Default, the Security shall become enforceable and Lender shall be entitled to do one or more of the following:

- (a) suspend any rights of Borrower hereunder;
- (b) accelerate the maturity of all or any item or part of the Obligations and declare them to be payable on demand or immediately due and payable, whereupon they shall be so accelerated and become so due and payable;
- (c) demand payment under any Obligations;
- (d) enforce the Security pursuant to Section 15;
- (e) demand, sue for and recover damages arising out of such Default (and for this purpose Borrower agrees to pay Lender's Return to Lender, as a genuine pre-estimate of Lender's liquidated damages for loss of bargain and not as a penalty); and
- (f) exercise any other rights or remedies and/or take any proceedings available to Lender hereunder, at law (including the PPSA) or in equity.

15. *Enforcement of Security*

If the Security becomes enforceable, Lender shall be entitled to do any one or more of the following:

- (a) take possession of Equipment, without demand, notice or legal proceeding and enter on any premises of Borrower or any other Person for such purpose, Borrower hereby granting an irrevocable licence to Lender or any Receiver authorizing it and any of its representatives authority to do so;
- (b) sell, lease or otherwise dispose of Equipment Collateral by public or private transaction for such consideration payable immediately or deferred and on such terms and conditions as Lender in its discretion determines;
- (c) exercise any rights or remedies or take any proceedings available to Lender hereunder or under the PPSA;

- (d) sell, lease or otherwise dispose of Equipment Collateral by public or private transaction for such consideration payable immediately and/or deferred and on such terms and conditions as Lender in its discretion determines;
- (e) appoint by instrument in writing one or more Receivers of any Equipment Collateral. Any such Receiver shall have the rights set out in paragraph (f) below. In exercising such rights, any Receiver shall act as and for all purposes shall be deemed to be the agent of Borrower and Lender shall not be responsible for any act or default of any Receiver. Lender may remove any Receiver and appoint another from time to time. No Receiver appointed by 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 Lender a mortgagee in possession in respect of the Equipment Collateral.
- (f) Any Receiver appointed by Lender shall have such of the following rights as are entrusted to it under the instrument from Lender appointing it:
 - (i) any Receiver may at any time enter upon any premises owned, leased or otherwise occupied by Borrower or where any Equipment is located to take possession of, disable or remove any Equipment, and may use whatever means the Receiver considers advisable to do so;
 - (ii) any Receiver shall be entitled to immediate possession of Equipment and Borrower shall forthwith upon demand by any Receiver deliver up possession to a Receiver of any Equipment;
 - (iii) any Receiver may sell, lease, consign, license, assign or otherwise dispose of any Equipment 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 Lender to the extent permitted by applicable law;
 - (iv) 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 Equipment Collateral and may dispose of Equipment 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 Equipment. 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;

- (v) any Receiver may borrow money for the maintenance, preservation or protection of any Equipment Collateral and may grant Liens in any Equipment Collateral in priority to the Security as security for the money so borrowed. Borrower will forthwith on demand reimburse the Receiver for all such payments and borrowings;
- (vi) any Receiver may seize, collect, realize, dispose of, enforce, release to third parties or otherwise deal with any Equipment Collateral in such manner, upon such terms and conditions and at such time as it deems advisable without notice to Borrower (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. Borrower will forthwith upon demand reimburse the Receiver for all such costs or expenses; and
- (vii) any Receiver may exercise such rights with respect to the Equipment Collateral as may be incidental, ancillary, attaching or deriving from the ownership by Borrower of the Equipment Collateral, including the right to enter into agreements pertaining to Equipment Collateral, the right to commence or continue proceedings to preserve or protect Equipment Collateral and the right to grant or agree to Liens and grant rights in the nature of leases or licenses over or pertaining to the whole or any part of the Equipment Collateral.
- (g) 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 Lender pursuant to this Agreement

16. *Lender's Right to Remedy Defaults*

If Borrower fails to perform or comply with any Obligation, Lender may, but has no obligation to, perform same in the name of Borrower or Lender and make all necessary disbursements in connection therewith, which shall be reimbursed by Borrower immediately on demand. Lender is hereby appointed Borrower's lawful attorney to take any such action in Borrower's name.

17. *Borrower's General Indemnities*

Borrower will indemnify 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 existing or future loss, costs, charges, expenses, liabilities, claims, demands, penalties, damages, suits, actions and causes of action of every nature and kind whatsoever ("**Claims**") sustained or suffered by Lender, or for which Lender may become liable, resulting from or arising out of or which such Indemnified Party may suffer or incur in connection with (a) the exercise by Lender or any Receiver of any of its rights hereunder, (b) any Default, (c) any personal injury or property damage or other commercial loss arising out of the disassembly and removal of Equipment or (d) any use or operation of Equipment which infringes any patent or other industrial or intellectual property right, save that Borrower shall not be obliged to so indemnify any Indemnified Party to the extent such Claims are determined by a final judgment to have directly resulted from the wilful misconduct or gross negligence of the Indemnified Party. 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 17 for their respective benefits.

18. *Notices*

Any notice, demand, consent or other communication required or permitted hereunder ("**Notice**") shall be in writing and may be delivered, or sent by prepaid registered mail, or sent by electronic mail or other means which produces a permanent written record (a "**transmission**"). Mailed Notice shall be deemed to have been given three business days after mailing provided there is no disruption or stoppage of postal services.. Notice which is delivered shall be effective upon delivery during business hours to an apparently responsible adult and transmissions shall be deemed to have been received at the opening of the next business day, provided the sender does not receive a notice of delivery failure. Addresses for Notice shall be those addresses stated on the signature pages hereof and may be changed in accordance with the foregoing.

19. *Assignment and Sub-Letting and Location of Equipment*

Borrower shall not assign any rights hereunder or give up possession of or sub-let Equipment or move Equipment from Borrower's premises referred to in Section 24 without the prior consent of Lender, and such consent may be withheld by Lender in its sole and unfettered discretion. No assignment of rights hereunder or giving up possession or sub-letting of Equipment shall relieve Borrower of its Obligations.

20. *Borrower's General Representations, Warranties and Covenants*

Borrower represents and warrants to and covenants with Lender that: **(a)** it is and will continue to be a corporation duly and validly incorporated, organized and existing in good standing under the laws of the Province of Ontario, with all

necessary power and authority to execute, deliver and perform this Agreement; (b) all of the foregoing actions have been and will be duly authorized by all necessary action, are not and will not be in conflict with the constating documents or by-laws of Borrower or any indenture, instrument, agreement or undertaking to which it is or will be a party or by which it or its assets are or may become bound; and (c) this Agreement is and will continue to be the legal, valid and binding obligation of Borrower, enforceable against it in accordance with its terms. Borrower agrees to furnish Lender a copy of its most recent annual financial statements, audited if applicable, promptly upon availability and in any event within 90 days of each financial year end during the term of this Agreement.

21. *Forbearance, Indulgence and Waivers*

Forbearance or indulgence by Lender in any instance shall not constitute a general waiver of the Obligation to which the same applies. Any waiver by Lender of its rights must be in writing and shall not extend to any repetition of the Obligation or right waived.

22. *Acknowledgment*

Borrower agrees that the provisions of this Agreement and, in particular, those respecting rights, remedies and powers of Lender against Borrower and Equipment upon Default are commercially reasonable and not manifestly unreasonable.

23. *Successors and Assigns*

This Agreement shall inure to the benefit of and be binding upon Lender and Borrower, their successors and permitted assigns. Lender may assign or transfer in whole or part its rights under this Agreement, and/or Pledge its rights hereunder or in Equipment Collateral, and any assignee, transferee or beneficiary of such Pledge (“**Assignee**”) shall be unrestricted in the exercise of such rights. Borrower shall recognize any such assignment, transfer or Pledge and shall not assert against any Assignee any Claims or Equities which it may have against the original Lender respecting this Agreement or Equipment Collateral and waives all Claims and Equities against Assignee’s rights to enforce this Agreement based on Lender’s alleged failure to perform same.

24. *Amalgamation*

Borrower acknowledges and agrees that, in the event Borrower amalgamates with any other corporation or corporations, it is the intention of the parties hereto that the term “Borrower,” when used herein shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the Security granted hereby (a) shall extend to Equipment Collateral owned by each of the amalgamating corporations and the amalgamated corporation at the time of amalgamation and to any Equipment 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 Lender at the time of amalgamation and all Obligations of the amalgamated corporation to Lender thereafter arising. The Security shall attach to all Equipment Collateral owned by each corporation amalgamating with Borrower, and shall attach to all Equipment Collateral thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired.

25. *Location of Equipment*

25.1 Except as otherwise permitted hereunder, Borrower shall not part with possession of Equipment nor remove the same from its premises at 1725 McPherson Court, Pickering, Ontario L1W 3E9.

25.2 Borrower covenants that Equipment will continue to be located where stated in section 25.1, or at any other location consented to by Lender.

26. *No SET-OFF*

Borrower IRREVOCABLY AND UNCONDITIONALLY waives all Equities against any Loan Payment or other amount due to Lender hereunder and agrees to pay EACH SUCH LOAN PAYMENT and other amount WITHOUT regard TO any Equities and otherwise without reduction, deduction or abatement.

27. *Remedies Cumulative*

All rights and remedies of Lender hereunder are cumulative and not exclusive or alternative and may be exercised by Lender separately or together, in any order, sequence or combination.

28. *Time*

Time is and shall remain of the essence of this Agreement.

29. *Entire Agreement*

29.1 There are no representations, warranties, covenants, agreements or acknowledgements affecting this Agreement or Equipment, other than expressed herein in writing.

29.2 No agreement purporting to amend or modify this Agreement or any other statement, document, paper or writing relating hereto or to Equipment or connected herewith shall be binding unless in writing signed by the parties hereto.

30. *Severability*

Any term, condition or provision of this Agreement which is deemed void, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be severed herefrom and ineffective to the extent of such invalidity, prohibition or unenforceability, without in any way invalidating the balance hereof.

31. *No Merger in Judgment*

The taking of any judgment by Lender under this Agreement shall not operate as a merger or novation of any term or condition hereof or of any Obligation.

32. *Further Assurances and Power of Attorney*

32.1 Borrower shall do, execute and perform all such acts, deeds, documents and things as may be reasonably required to enable Lender to have the full benefit of all rights and remedies intended to be reserved or created hereby. Lender is hereby appointed Borrower's lawful attorney to carry out any Obligation of Borrower.

32.2 Each power of attorney granted herein by Borrower is granted with full power of substitution, is irrevocable and is coupled with an interest.

33. *Choice of Law*

This Agreement shall be governed, construed, performed and enforced in accordance with the laws of the Province of Ontario, including the federal laws of Canada applicable therein, but excluding choice of law rules.

34. *Currency*

Unless otherwise stated on the face of this Agreement, all sums of money payable hereunder shall be paid in Canadian dollars.

35. *Survival*

Notwithstanding any other Section of this Agreement, any accrued Obligations, and the Obligations of Borrower under Section 17, and the rights, powers and remedies of Lender hereunder, whether accrued or not, shall survive the termination of this Agreement and the payment of all Loan Payments and all other amounts payable hereunder.

36. *Limitations Period*

The parties hereto agree to extend the limitation period under the *Limitations Act, 2002* (Ontario) applicable to this Agreement, and each provision hereof and any claim thereunder, to six (6) years.

37. *Allocations*

Borrower hereby irrevocably and unconditionally waives any present or future right to allocate any payment made to Lender hereunder to any specific Obligation due under this Agreement. Lender may allocate and apply any payment received to any Obligation due hereunder and may reverse, reallocate and reapply any such payment as many times and in such manners as Lender from time to time sees fit.

38. *Reimbursable Fees, Costs and Expenses*

Borrower shall forthwith reimburse Lender, on demand and on a full indemnity basis, for all interest, commissions, costs of realization and other costs and expenses (including legal fees and expenses on a full indemnity basis) incurred by Lender or any Receiver in connection with (a) the preparation, execution, delivery and entry into effect of this Agreement limited to \$15,000 +HST or (b) the protection, enforcement of and advice with respect to this Agreement and the Security, including those arising in connection with the realization, disposition of, retention, protection or collection of any Equipment Collateral and the protection or enforcement of the rights of Lender or any Receiver and those incurred for registration costs and finite or perpetual registration of any financing statement registered in connection with the Security.

39. *Pre-authorized Payments*

Borrower shall execute and deliver to Lender from time to time upon request pre-authorized payment orders in such form as Lender may reasonably request. Lender is hereby authorized to deliver such orders to the financial institution named therein. Borrower hereby appoints Lender its lawful attorney to take all action contemplated by such payment orders to receive payment of any amount due under this Agreement.

40. *Verification Statements*

Borrower hereby acknowledges receipt of an executed copy of this Agreement and copies of the verification statements pertaining to the financing statements filed against Borrower by or on behalf of Lender under the PPSA in respect of this Agreement. To the extent permitted by applicable law, Borrower irrevocably waives the right to receive a copy of each financing statement or financing change statement (or any verification statement pertaining thereto) filed against Borrower by or on behalf of Lender under the PPSA, and releases any and all claims it may have against Lender for failure to provide any such copy.

41. *Information*

At any time Lender may provide to any person copies of this Agreement or information about Borrower, Equipment Collateral, this Agreement or the Obligations.

42. *Execution*

The words "execution," "signed," "signature," and words of like import in this Agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including Parts 2 and 3 of the Personal Information Protection and

Electronic Documents Act (Canada), the Electronic Commerce Act, 2000 (Ontario) and other similar federal or provincial laws based on the Uniform Electronic Commerce Act of the Uniform Law Conference of Canada or its Uniform Electronic Evidence Act, as the case may be.

43. *Counterparts*

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. Delivery by a party hereto of an executed counterpart of a signature page of this Agreement by facsimile transmission, electronic transmission of a portable document format thereof or electronic transmission of an electronic document containing such executed counterpart shall be effective as delivery of an original manually executed counterpart hereof.

[Signature pages follow]

TO WITNESS this Agreement, each party hereto has caused this Agreement to be duly executed and delivered as of the date set forth at the commencement hereof.

LENDER

2125028 ONTARIO INC.,

(Name)

By: DocuSigned by:
Robert D. Pinheiro

96B9732C9B024B6...

Name:

Title:

By: DocuSigned by:
Doug Ward

B0D00C79F0EA4B7...

Name:

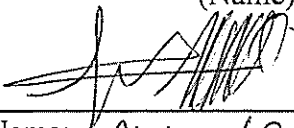
Title:

Notices to Lender:

Address:
Attention:
Facsimile:
e-mail:

BORROWER

CANNAPIECE CORP.

(Name)
By: 
Name: AHMAD (RAY) NASOULI
Title: CEO

By: _____
Name:
Title:

Notices to Borrower:

Address: 1725 McPherson Court, Pickering, Ontario L1W 3E9
Attention:
Facsimile:
e-mail:

EXHIBIT A
DESCRIPTION OF EQUIPMENT

This Exhibit A to the Loan and Security Agreement dated as of the 27th day of May, 2020 between 2125028 Ontario Inc. and Cannapiece Corp., (the “**Loan and Security Agreement**”) provides a description of the Equipment (as defined in the Loan and Security Agreement).

(See attached)

**EXHIBIT A
EQUIPMENT COLLATERAL**

Item	Quantity
30 Ton Fluid Cooler	1
100 Ton Air Cooler - model CGAM by Trane	1
Performance Climate Changer - model AHU-5T sz.6 by Trane	1
Al Vaccum Oven for Gas Purging 7.5CF	2
Reactors for Winterization and Crystalization	2
Al Deep Freezers	2
Ecodyst Rotary Evaporator	1
Al Vaccum Oven for Gas Purging 7.5CF	2
PRESCOT Distillation Lab Equipment	1
HAL Fume Booths	1
Halogen Moisture Analyzer	1
FlackTek Speed Mixer 1/2 kg VAC (to be upgraded to 1 kg when ready, please see notes) (placed order on June 9th)	1
CDO -28-CS Cascade Dry & Decarb Oven	2
Flack Tek Speed Mixer	2
Ecodyst Rotary Evaporator	1
PRESCOTT P1000	1
MEP 30	1
Extraction System R400H - R-Series, 400L, 5000 PSig	1
ScrubEx 1.0 Large Volume Dispenser & Receiver	2

EXHIBIT B
LOAN AMORTIZATION SCHEDULE

(See attached)

LOAN AMORTIZATION SCHEDULE



LENDER NAME	2125028 Ontario Inc.
LENDER ADDRESS	333 Bay Street
	Suite 2400
	Toronto ON M5H 2T6
LENDER PHONE	(416) 865-5152
LENDER CONTACT	Jon Holmstrom
DATE OF LOAN	2020-05-27
NAME ON LOAN	Cannapiece Corp.

DATA	VALUE
Complete WHITE Fields Only	
SECURED EQUIPMENT VALUE	\$3,000,000.00
PERCENT OF PREPATMENT	0%
TOTAL PREPAYMENT	\$0.00
LOAN AMOUNT	\$3,000,000.00
ANNUAL INTEREST RATE	7.30%
LENGTH OF LOAN IN YEARS	5
LENGTH OF LOAN IN MONTHS	60
FIRST PAYMENT DATE	2020-06-26
COMPOUND PERIOD	Monthly
PAYMENT FREQUENCY	Monthly
CALCULATED OUTPUT	
IMPUTED MONTHLY INTEREST RATE	0.608%
MONTHLY PAYMENT	\$59,829.13
NUMBER OF PAYMENTS	60
INTEREST TOTAL	\$589,748.17

LOAN AMORTIZATION SCHEDULE							
PMT #	DATE OF PAYMENT	BEGINNING BALANCE	SCHEDULED PAYMENT	ADDITIONAL PAYMENT	INTEREST	PRINCIPAL	BALANCE
							\$3,000,000.00
1	2020-06-26	\$3,000,000.00	\$59,829.13		\$18,250.00	\$41,579.13	\$2,958,420.87
2	2020-07-26	\$2,958,420.87	\$59,829.13		\$17,997.06	\$41,832.07	\$2,916,588.80
3	2020-08-26	\$2,916,588.80	\$59,829.13		\$17,742.58	\$42,086.55	\$2,874,502.25
4	2020-09-26	\$2,874,502.25	\$59,829.13		\$17,486.56	\$42,342.57	\$2,832,159.68
5	2020-10-26	\$2,832,159.68	\$59,829.13		\$17,228.97	\$42,600.16	\$2,789,559.52
6	2020-11-26	\$2,789,559.52	\$59,829.13		\$16,969.82	\$42,859.31	\$2,746,700.21
7	2020-12-26	\$2,746,700.21	\$59,829.13		\$16,709.09	\$43,120.04	\$2,703,580.17
8	2021-01-26	\$2,703,580.17	\$59,829.13		\$16,446.78	\$43,382.35	\$2,660,197.82
9	2021-02-26	\$2,660,197.82	\$59,829.13		\$16,182.87	\$43,646.26	\$2,616,551.56
10	2021-03-26	\$2,616,551.56	\$59,829.13		\$15,917.36	\$43,911.77	\$2,572,639.79
11	2021-04-26	\$2,572,639.79	\$59,829.13		\$15,650.23	\$44,178.90	\$2,528,460.89
12	2021-05-26	\$2,528,460.89	\$59,829.13		\$15,381.47	\$44,447.66	\$2,484,013.23
13	2021-06-26	\$2,484,013.23	\$59,829.13		\$15,111.08	\$44,718.05	\$2,439,295.18
14	2021-07-26	\$2,439,295.18	\$59,829.13		\$14,839.05	\$44,990.08	\$2,394,305.10
15	2021-08-26	\$2,394,305.10	\$59,829.13		\$14,565.36	\$45,263.77	\$2,349,041.33
16	2021-09-26	\$2,349,041.33	\$59,829.13		\$14,290.00	\$45,539.13	\$2,303,502.20
17	2021-10-26	\$2,303,502.20	\$59,829.13		\$14,012.97	\$45,816.16	\$2,257,686.04
18	2021-11-26	\$2,257,686.04	\$59,829.13		\$13,734.26	\$46,094.87	\$2,211,591.17
19	2021-12-26	\$2,211,591.17	\$59,829.13		\$13,453.85	\$46,375.28	\$2,165,215.89
20	2022-01-26	\$2,165,215.89	\$59,829.13		\$13,171.73	\$46,657.40	\$2,118,558.49
21	2022-02-26	\$2,118,558.49	\$59,829.13		\$12,887.90	\$46,941.23	\$2,071,617.26
22	2022-03-26	\$2,071,617.26	\$59,829.13		\$12,602.34	\$47,226.79	\$2,024,390.47
23	2022-04-26	\$2,024,390.47	\$59,829.13		\$12,315.04	\$47,514.09	\$1,976,876.38
24	2022-05-26	\$1,976,876.38	\$59,829.13		\$12,026.00	\$47,803.13	\$1,929,073.25
25	2022-06-26	\$1,929,073.25	\$59,829.13		\$11,735.20	\$48,093.93	\$1,880,979.32

26	2022-07-26	\$1,880,979.32	\$59,829.13		\$11,442.62	\$48,386.51	\$1,832,592.81
27	2022-08-26	\$1,832,592.81	\$59,829.13		\$11,148.27	\$48,680.86	\$1,783,911.95
28	2022-09-26	\$1,783,911.95	\$59,829.13		\$10,852.13	\$48,977.00	\$1,734,934.95
29	2022-10-26	\$1,734,934.95	\$59,829.13		\$10,554.19	\$49,274.94	\$1,685,660.01
30	2022-11-26	\$1,685,660.01	\$59,829.13		\$10,254.43	\$49,574.70	\$1,636,085.31
31	2022-12-26	\$1,636,085.31	\$59,829.13		\$9,952.85	\$49,876.28	\$1,586,209.03
32	2023-01-26	\$1,586,209.03	\$59,829.13		\$9,649.44	\$50,179.69	\$1,536,029.34
33	2023-02-26	\$1,536,029.34	\$59,829.13		\$9,344.18	\$50,484.95	\$1,485,544.39
34	2023-03-26	\$1,485,544.39	\$59,829.13		\$9,037.06	\$50,792.07	\$1,434,752.32
35	2023-04-26	\$1,434,752.32	\$59,829.13		\$8,728.08	\$51,101.05	\$1,383,651.27
36	2023-05-26	\$1,383,651.27	\$59,829.13		\$8,417.21	\$51,411.92	\$1,332,239.35
37	2023-06-26	\$1,332,239.35	\$59,829.13		\$8,104.46	\$51,724.67	\$1,280,514.68
38	2023-07-26	\$1,280,514.68	\$59,829.13		\$7,789.80	\$52,039.33	\$1,228,475.35
39	2023-08-26	\$1,228,475.35	\$59,829.13		\$7,473.23	\$52,355.90	\$1,176,119.45
40	2023-09-26	\$1,176,119.45	\$59,829.13		\$7,154.73	\$52,674.40	\$1,123,445.05
41	2023-10-26	\$1,123,445.05	\$59,829.13		\$6,834.29	\$52,994.84	\$1,070,450.21
42	2023-11-26	\$1,070,450.21	\$59,829.13		\$6,511.91	\$53,317.22	\$1,017,132.99
43	2023-12-26	\$1,017,132.99	\$59,829.13		\$6,187.56	\$53,641.57	\$963,491.42
44	2024-01-26	\$963,491.42	\$59,829.13		\$5,861.24	\$53,967.89	\$909,523.53
45	2024-02-26	\$909,523.53	\$59,829.13		\$5,532.93	\$54,296.20	\$855,227.33
46	2024-03-26	\$855,227.33	\$59,829.13		\$5,202.63	\$54,626.50	\$800,600.83
47	2024-04-26	\$800,600.83	\$59,829.13		\$4,870.32	\$54,958.81	\$745,642.02
48	2024-05-26	\$745,642.02	\$59,829.13		\$4,535.99	\$55,293.14	\$690,348.88
49	2024-06-26	\$690,348.88	\$59,829.13		\$4,199.62	\$55,629.51	\$634,719.37
50	2024-07-26	\$634,719.37	\$59,829.13		\$3,861.21	\$55,967.92	\$578,751.45
51	2024-08-26	\$578,751.45	\$59,829.13		\$3,520.74	\$56,308.39	\$522,443.06
52	2024-09-26	\$522,443.06	\$59,829.13		\$3,178.20	\$56,650.93	\$465,792.13
53	2024-10-26	\$465,792.13	\$59,829.13		\$2,833.57	\$56,995.56	\$408,796.57

AMENDMENT NO. 1 TO LOAN AND SECURITY AGREEMENT

This Amendment No. 1 to Loan and Security Agreement dated as of January 31, 2022

BETWEEN:

2125028 ONTARIO INC.,
(hereinafter referred to as the "Lender")

- and -

CANNAPIECE CORP.
(hereinafter referred to as the "Borrower")

RECITALS:

- A. The Lender and the Borrower are parties to a loan and security agreement dated as of May 27, 2020 (the "**First Loan Agreement**"), wherein the Lender agreed to make a loan facility available to the Borrower on the terms and conditions set out in the First Loan Agreement.
- B. The First Loan Agreement provides for the repayment of the Loan by way of a series of Loan Payments, each in the amount of \$59,829.13 payable on the 26th day of each month from June 26, 2020 to and including May 26, 2025.
- C. The Borrower has requested that the Lender agree that (i) the Loan Payments scheduled for January 26, 2022 and February 26, 2022 be deferred to, and become payable on, January 15, 2023, with interest payable thereon at the rate of 14% per annum, and (ii) to amend certain terms and provisions of the First Loan Agreement, all as provided below.
- D. The Lender is prepared to extend the due date of the Loan Payments scheduled for January 26, 2022 and February 26, 2022, and to amend the First Loan Agreement, subject to the terms hereof and the satisfaction of the conditions precedent set out herein.
- E. It is not the intention of the parties hereto that this Amendment No. 1 shall novate the First Loan Agreement.

NOW THEREFORE for valuable consideration, the receipt and sufficiency of which are acknowledged by the parties to this Amendment No. 1, the parties agree as follows:

ARTICLE 1 INTERPRETATION AND GENERAL

Section 1.1 Definitions.

This Amendment No. 1 to First Loan Agreement shall be herein referred to as "**this Amendment No. 1**". All capitalized terms used in this Amendment No. 1 which are not otherwise defined shall have the meanings established for such terms in the First Loan Agreement. For purposes of the First Loan Agreement, the term "Agreement" shall mean the First Loan Agreement, together with all schedules and exhibits attached thereto, as the First Loan Agreement and such schedules and exhibits may be amended, restated, replaced or modified at any time and from time to time (including pursuant to this Amendment No. 1).

Section 1.2 Headings.

The division of this Amendment No. 1 into Articles, Sections and Subsections and the insertion of headings are for convenience of reference only and shall not affect the meaning or interpretation of this Amendment No. 1.

Section 1.3 References.

All references to Subsections, Sections and Articles are to Subsections, Sections and Articles of this Amendment No. 1 unless otherwise specified herein. The words "hereto", "herein", "hereof", "hereunder", "this Amending Agreement", "this Agreement" and similar expressions mean and refer to this Amendment No. 1.

ARTICLE 2 AMENDMENTS

Section 2.1 Amendments.

The First Loan Agreement is hereby amended as follows:

- (a) The following defined terms shall be added to Section 1.1 of the First Loan Agreement:

"Deferred Loan Payments Interest Rate" means 14% per annum.

"Deferred Loan Payments" means the Loan Payments identified as Payments 20 and 21 in Exhibit B to the First Loan Agreement originally due and payable on January 26, 2022 and February 26, 2022.

"Deferred Loan Payment Date" means a date on which the Deferred Loan Payments are made or due to be made hereunder, being January 15, 2023.

- (b) The definitions of **"Lender's Return"**, **"Loan"**, **"Loan Payment"**, **"Loan Payment Date"** and **"Obligation"** in Section 1.1 of the First Loan Agreement are hereby deleted and replaced with the following:

"Lender's Return" means at any time the amount by which (i) the aggregate sum of all future Loan Payments discounted to present value at that time at the rate equal to the then prevailing yield of Government of Canada Treasury Bills or Bonds selected by Lender having a maturity comparable to the final scheduled Loan Payment Date exceeds (ii) the aggregate sum of all remaining scheduled Loan Payments discounted to present value at that time at the rate of (x) 14% per annum, compounded monthly, in the case of the Deferred Loan Payments, and (y) at the rate of 7.3% per annum, compounded monthly, in the case of all other Loan Payments.

"Loan" means the loan advanced by Lender to Borrower pursuant to Section **Error! Reference source not found.** or the outstanding principal balance thereof after the making of the Loan Payments and the Deferred Loan Payments, as the context requires. Exhibit B hereto sets forth the amortized principal amount of the Loan if Borrower makes each Loan Payment on each scheduled Loan Payment Date, save and except that it does not reflect the Deferred Loan Payments which are now to be made on the Deferred Loan Payment Date.

"Loan Payments" means the periodic loan payments in the amount of \$59,829.13 each payable on the 26th day of each calendar month commencing on June 26, 2020 with a final payment on May 26, 2025 save and except for the Deferred Loan Payments which are payable on the Deferred Loan Payment Date.

"Loan Payment Date" means a date on which a Loan Payment is made or due to be made hereunder, as the context requires, and in the case of the Deferred Loan Payments, means the Deferred Loan Payment Date.

"Obligation" means any obligation to repay the Loan or to pay any Loan Payment or other amount which may be owing by Borrower under this Agreement or to perform any other obligation or undertaking of Borrower hereunder, including, without limitation, to pay interest on the Deferred Loan Payments at the Deferred Loan Payments Interest Rate and to pay the Deferred Loan Payments on the Deferred Loan Payment Date.

- (c) Section 4 of the First Loan Agreement is hereby deleted and replaced with the following:

"4. Loan Payments

Borrower agrees to repay the Loan to Lender by way of 60 equal monthly blended repayment instalments (the Loan Payments), save and except for the Deferred Loan Payments which the Borrower agrees to repay on the Deferred Loan Payment Date. Unless otherwise stated, the first (1st) Loan Payment is due on June 26, 2020 and subsequent Loan Payments are due on the 26th day in each following calendar month with a final payment on May 26, 2025, save and except for the Deferred Loan Payments which the Borrower agrees to repay on the Deferred Loan Payment Date."

- (d) Section 5 of the First Loan Agreement is hereby amended by adding the following as a new Section 5.5 in respect of the Deferred Loan Payments:

"5.5 Notwithstanding Section 5.1, Borrower shall pay interest on the Deferred Loan Payments to Lender at the Deferred Loan Payments Interest Rate calculated and payable from January 26, 2022 until repaid on the Deferred Loan Payment Date. The provisions of Section 5.2, 5.3 and 5.4 and the methods of interest calculation and consequences of non-payment shall apply equally to the Deferred Loan Payments, the Deferred Loan Payments Interest Rate and the Deferred Loan Payment Date."

- (e) The Borrower acknowledges that Exhibit B has not been updated to reflect the Deferred Loan Payments now being made on the Deferred Loan Payment Date, and that the column designated as "Remaining Payments Balance" in Exhibit B no longer reflects the balance of the Loan owing on account of the Deferred Loan Payments.

Section 2.2 Additional Provisions

- (a) The failure of the Borrower to make the original scheduled Loan Payments on January 26, 2022 and February 26, 2022 shall not constitute a Default under the First Loan Agreement provided that the Deferred Loan Payments are paid by the Borrower on the Deferred Loan Payment Date. The Borrower hereby waives any right under Section 13.1 of the First Loan Agreement to receive notice of non-payment of those original scheduled Loan Payments on their original scheduled Loan Payment Dates.
- (b) The Borrower confirms that the Security granted by it under the First Loan Agreement shall continue to be effective and enforceable notwithstanding the deferral of the original Loan Payment Date for the Deferred Loan Payments to the Deferred Loan Payment Date, and shall extend to and secure all additional indebtedness, liabilities and obligations of the Borrower arising under the extended payment term, including the additional interest arising from the Deferred Loan Payments Interest Date.
- (c) The forbearance or indulgence by the Lender in agreeing to the deferral of the Deferred Loan Payments contemplated by this Amendment No. 1 (i) shall not constitute a general waiver of the

Obligations to which they apply or relate, and (ii) shall not constitute or be construed as an agreement or intention to agree to the deferral of the payment of any other regular scheduled Loan Payments on their respective Loan Payment Dates. The Lender makes no representations, covenants, agreements or acknowledgments in connection with any future requests of the Borrower, and time shall continue to be of the essence in the First Loan Agreement.

- (d) For clarity, the Borrower and the Lender acknowledge that they are parties to a second loan and security agreement dated as of December 7, 2020 (the "**Second Loan Agreement**"), and that this Amendment No. 1 does not amend any of the terms or provisions of the Second Loan Agreement.
- (e) The Borrower shall have the right to prepay, without penalty, the Deferred Loan Payments and all accrued and unpaid interest relating thereto (as such amount may be determined by the Lender), at any time prior to the Deferred Loan Payment Date.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties.

The Borrower represents and warrants to the Lender that:

- (a) The representations and warranties set out in the First Loan Agreement and the Security are true, complete and correct in all respects as at the date of this Amendment No. 1 except to the extent expressly stated to have been made only as of a specific date; and
- (b) Except as stated herein, there is no default or breach of any covenant, term or condition under the First Loan Agreement and any other Loan Document which has occurred and is continuing as at the date of this Amendment No. 1.

ARTICLE 4 CONDITIONS PRECEDENT TO THIS AGREEMENT

Section 4.1 Conditions Precedent.

Upon the following events having occurred to the satisfaction of the Lender, this Amendment No. 1 shall come into effect and the First Loan Agreement shall be amended to reflect the amendments contemplated herein:

- (a) the Lender shall have received this Amendment No. 1 executed by the Borrower;
- (b) the Lender shall have received from the Borrower a modified pre-authorized payment order (PAPP) with its bankers to transfer each Loan Payment on each Loan Payment Date (to reflect the Deferred Loan Payments on the Deferred Loan Payments Date) to Lender's bank account maintained by Lender with Tandia Financial Credit Union Limited;
- (c) the Lender's Counsel shall have conducted search updates on the Borrower and confirmed that there are no mortgages, charges, security interests or other encumbrances ranking ahead of the Lender's Security on the assets of the Borrower except for Permitted Liens;
- (d) no development, event or circumstance has occurred since May 27, 2020 which in the opinion of the Lender has had, or would be reasonably likely to have, a material adverse effect on the Borrower or its operations;

- (e) except as stated herein, there is no default or breach of any covenant, term or condition under the First Loan Agreement or any Security which has occurred and is continuing as at the date of this Amendment No. 1;
- (f) the payment of all legal fees, disbursements and applicable taxes of legal counsel to the Lender in connection with the First Loan Agreement and this Amendment No. 1 as contemplated by Section 5.3 hereof; and
- (g) the Lender shall have received such other agreements, documents and instruments as the Lender or the Lender's Counsel shall reasonably require to effect the amendments contemplated in this Amendment No. 1.

ARTICLE 5 GENERAL

Section 5.1 Nature of this Amendment No. 1.

It is acknowledged and agreed that the terms of this Amendment No. 1 are in addition to and, unless otherwise specifically provided for, shall not limit, restrict, modify, amend or release any of the understandings, agreements or covenants as set out in the First Loan Agreement. The First Loan Agreement shall be read and construed in conjunction with this Amendment No. 1 and the First Loan Agreement, as amended by this Amendment No. 1, together with all of the powers, provisions, conditions, covenants and agreements contained or implied in the First Loan Agreement shall be and shall continue to be in full force and effect. References to the "First Loan Agreement" or the "Agreement" in the First Loan Agreement or in any other document delivered in connection with, or pursuant to, the First Loan Agreement, shall mean the First Loan Agreement, as amended by this Amendment No. 1. In the event of any conflict between this Amendment No. 1 and the First Loan Agreement, this Amendment No. 1 shall govern.

Section 5.2 Waiver.

The conditions listed in Section 4.1 to this Amendment No. 1 may be waived by the Lender in whole or in part and with or without terms or conditions.

Section 5.3 Legal Fees

All reasonable legal and other fees and disbursements incurred by the Lender in connection with the completion of the transactions contemplated by this Amendment No. 1 including, without limitation, the drafting, preparation and negotiation of the agreements and other documents governing this transaction, advising the Lender thereon and closing and reporting upon the completion of the transaction shall be borne by the Borrower and shall be payable before this Amendment No. 1 become effective.

Section 5.4 Further Assurances.

The Borrower, from time to time, shall deliver or shall cause to be delivered to the Lender duly executed documents in form and substance satisfactory to the Lender as may be reasonably requested by the Lender for the purpose of giving effect to this Amendment No. 1 or for the purpose of establishing compliance with the representations, warranties and conditions of this Amendment No. 1, the First Loan Agreement or the other Security contemplated under the First Loan Agreement.

Section 5.5 Severability.

Any provision of this Amendment No. 1 which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 5.6 Time of Essence.

Time shall, in all respects, be of the essence of this Amendment No. 1.

Section 5.7 Assignment.

The Borrower shall not assign this Amendment No. 1 or any part hereof without the prior written consent of the Lender.

Section 5.8 Law Governing.

This Amendment No. 1 shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract. The parties hereby submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

Section 5.9 Successors and Assigns.

This Amendment No. 1 shall be binding on the Borrower and its successors and assigns, and will enure to the benefit of the Lender and its successors and assigns.

Section 5.10 Counterparts.

This Amendment No. 1 may be executed in multiple counterparts, each of which shall be deemed to be an original agreement and all of which shall constitute one agreement. All counterparts shall be construed together and shall constitute one and the same agreement. This Amendment No. 1, to the extent signed and delivered by means of electronic transmission (including, without limitation, facsimile, PDF and other electronic transmissions), shall be treated in all manner and respects as an original agreement and should be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

Section 5.11 No Novation.

Nothing in this Amendment No. 1, nor in the First Loan Agreement when read together with this Amendment No. 1, shall constitute novation, payment, re-advance, or otherwise of any existing indebtedness, liabilities and obligations of the Borrower to the Lender.

Section 5.12 Continuing Effect of Security.

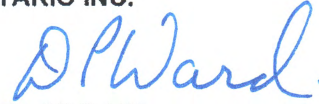
The Borrower acknowledges, confirms and agrees that: (i) all Security shall (i) remain in full force and effect as binding obligations enforceable against it notwithstanding the execution and delivery of this Amendment No. 1, and (ii) continue to secure all present and future indebtedness, liabilities and obligations of the Borrower to the Lender.

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IN WITNESS WHEREOF the parties have executed this Amendment No. 1 as of the day and year first above written.

Lender:

2125028 ONTARIO INC.

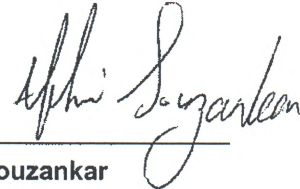


Per: **Name:** DOUG WARD
Title: VICE PRESIDENT

I have the authority to bind the corporation

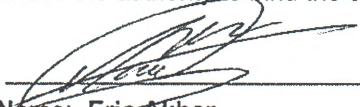
Borrower:

CANNAPIECE CORP.



Per: **Name:** Afshin Souzankar
Title: CEO

I have the authority to bind the corporation



Per: **Name:** Eric Akbar
Title: President

I have the authority to bind the corporation

**This is Exhibit "Q" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square, white box containing a handwritten signature in black ink. The signature appears to be the initials 'mf' written in a cursive, flowing style.

A COMMISSIONER FOR TAKING AFFIDAVITS

SECOND LOAN AND SECURITY AGREEMENT

THIS SECOND LOAN AND SECURITY AGREEMENT, dated as of the 7th day of December, 2020 between **2125028 ONTARIO INC.**, an Ontario corporation having its registered office at 1 Main St W, Hamilton, ON L8P 4Z5 (“**Lender**”), and **CANNAPIECE CORP.**, an Ontario corporation having its principal place of business at 1725 McPherson Court, Pickering, Ontario L1W 3E9 (“**Borrower**”).

Preliminary Statement

Pursuant to the Arrangement Letter (defined herein), the parties hereto contemplated that Lender would make a loan in the principal amount of \$3,000,000 to Borrower (defined in the Arrangement Letter as the “2nd Loan”), the repayment of which will be secured by, *inter alios*, the Equipment Collateral (defined herein). This Second Loan and Security Agreement documents the 2nd Loan (as defined in the Arrangement Letter).

IN CONSIDERATION OF the mutual promises and agreements contained herein, Lender and Borrower hereby agree as follows:

I. Interpretation

1.1 For the purpose of this Agreement:

- (a) “**Agreement**” means this loan and security agreement and any and all applicable schedules or Exhibits hereto, unless the context otherwise requires, and “hereof”, “herein”, “hereby”, “hereunder” and similar expressions refer to this Agreement.
- (b) “**Arrangement Letter**” means the arrangement letter dated May 27, 2020 between Borrower and Lender pursuant to which this Agreement is being entered into between the parties.
- (c) “**business day**” means a day when commercial banks are generally open for business in the City of Toronto.
- (d) “**change**” means change, modify, alter, amend, supplement, extend, renew, compromise, novate, replace, terminate, release, discharge, cancel, suspend or waive.
- (e) “**Claims**” has the meaning assigned in Section 17.
- (f) “**Costs of Disposition**” with respect to Equipment means all costs, disbursements, fees (legal and other), commissions and other expenses which Lender may incur, pay or be liable for in connection with recovering possession of, dismantling, removing, transporting, repairing, processing, reconditioning, storing, preparing for disposition, selling, leasing or otherwise disposing of Equipment.

- (g) “**Default**” occurs when any of those events or circumstances specified in Section 13.1 occurs.
- (h) “**Default Interest Rate**” means 18% per annum.
- (i) “**Equipment**” means the items of property identified in Exhibit A hereto which Borrower’s use in its business, together with all replacement parts and components, alterations, additions, accessions and attachments, accessions and accessories incorporated or installed therein and/or affixed thereto and, when required by the context, individual items thereof.
- (j) “**Equipment Collateral**” is used as defined in Section 12.1.
- (k) “**Equities**” means existing or future rights of counterclaim, defence, set-off, compensation, abatement or off-set, legal or equitable.
- (l) “**Fees**” means fees payable hereunder or under the Arrangement Letter.
- (m) “**HST**” means harmonized sales tax.
- (n) “**Indemnified Parties**” is used as defined in Section 17.
- (o) “**Interest Rate**” means 10% per annum.
- (p) “**Lender’s Return**” at any time means the amount by which (i) the aggregate sum of all future Loan Payments discounted to present value at that time at the rate equal to the then prevailing yield of Government of Canada Treasury Bills or Bonds selected by Lender having a maturity comparable to the final scheduled Loan Payment Date *exceeds* (ii) the aggregate sum of all remaining scheduled Loan Payments discounted to present value at that time at the rate of 10% per annum, compounded monthly.
- (q) “**Lien**” means any lien, privilege, mortgage, pledge, hypothec, charge, security interest, attachment, assignment, seizure, sequestration, distress, levy or other encumbrance or adverse claim of any nature or kind whatsoever.
- (r) “**Loan**” means the loan advanced by Lender to Borrower pursuant to Section 3 or the outstanding principal balance thereof, as the context requires. Exhibit B hereto sets forth the amortized principal amount of the Loan if Borrower makes each Loan Payment on each scheduled Loan Payment Date.
- (s) “**Loan Payment**” means the periodic loan payments in the amount of \$63,741.13 each payable on the seventh (7th) day of each calendar month commencing on January 7, 2021 with a final payment on December 7th, 2025.

- (t) **“Loan Payment Date”** means a date on which a Loan Payment is made or due to be made hereunder, as the context requires.
- (u) **“Loss of Equipment”** means:
 - (i) a total or constructive total loss of Equipment, or damage thereto which, in the reasonable opinion of Lender, renders it impossible or impractical to use Equipment for its intended purpose; or
 - (ii) expropriation or confiscation of Equipment by any authority absolutely or for more than 180 days.
- (v) **“Obligation”** means any obligation to repay the Loan or to pay any Loan Payment or other amount which may be owing by Borrower under this Agreement or to perform any other obligation or undertaking of Borrower hereunder.
- (w) **“Overdue Payment”** means the Loan or any Loan Payment, any other amount owing by Borrower hereunder or any sum disbursed by Lender pursuant to Section 16 which is not paid when due hereunder, or any portion thereof, as the context requires.
- (x) **“Permitted Liens”** means (i) statutory deemed trusts and liens in respect of claims for unpaid wages, vacation pay, worker's compensation, unemployment insurance, pension plan contributions, employee or non-resident withholding tax source deductions, unremitted sales taxes, goods and services taxes, customs duties or similar statutory obligations, but only if the obligations secured by such deemed trusts and liens are paid when due, (ii) repairer's and materialmen's liens, but only if the obligations secured by such liens are paid when due and no Lien has been registered or asserted against any Equipment, (iii) the Liens created by the 1st Loan Agreement (as defined in the Arrangement Letter) and this Agreement and (iv) such other Liens as may be approved by Lender from time to time.
- (y) **“person”** means any natural person, corporation, firm, partnership, trust, sole proprietorship or governmental agency, authority or other entity, however constituted or designated.
- (z) **“Pledge”** means mortgage, charge, pledge, hypothecate, assign or grant a security interest and the security resulting therefrom.
- (aa) **“PPSA”** means the *Personal Property Security Act* (Ontario) and the regulations issued thereunder.
- (bb) **“Receiver”** means any receiver or receiver and manager for Borrower or the Equipment Collateral appointed by Lender pursuant to this Agreement or by a court on application by Lender.

- (cc) “**representative**” means 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.
- (dd) “**Security**” at any time means the Liens created (or intended by their express or implied terms to be created) by this Agreement.
- (ee) “**Supplier**” means any manufacturer, supplier, vendor or dealer in Equipment or any other person from whom Borrower acquired the Equipment or hereafter acquires Equipment.
- (ff) “**Taxes**” means any and all taxes, imposts, levies, fees, duties and charges imposed by any federal, provincial, municipal or other taxing authority on Lender, Borrower or Equipment, its purchase, sale, ownership, delivery, possession, operation or lease, including sales, excise, use, property, business transfer, goods and services , HST and value added taxes (including any penalties or interest based on late or non-payment), but excluding taxes imposed on or measured by Lender’s overall net income.
- (gg) “**Warranties**” means any and all warranties, guarantees, representations, service contracts, contracts to stock spare parts and similar agreements, oral or written, express, implied or statutory, relating to Equipment.

- 1.2 In this Agreement, unless the context otherwise requires, (i) words and expressions (including words and expressions (capitalized or not) defined, given extended meanings or incorporated by reference herein) in the singular include the plural and vice versa (the necessary changes being made to fit the context); (ii) words in one gender include all genders; (iii) grammatical variations of words and expressions (capitalized or not) which are defined, given extended meanings or incorporated by reference in this Agreement shall be construed in like manner, (iv) “or” is to be construed both in the conjunctive and the disjunctive and (v) “including” is to be construed to 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.
- 1.3 Each reference in this Agreement to any agreement or document (including this Agreement and any other term defined herein 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 All references herein to statutes include the statute as it may be amended, restated or replaced with legislation of reasonably comparable effect.
- 1.5 If any payment is otherwise expressed herein to be due on a day that is not a business day, it shall instead be due on the next business day.

- 1.6 Nothing in this Agreement is intended to create any rights (including subordination rights or any release of Security) in favour of any Person other than Lender, any Receiver and the other Indemnified Parties.

2. *Agreement of Loan*

- 2.1 Upon and subject to the terms and conditions of this Agreement, Lender hereby agrees to lend to Borrower, and Borrower agrees to borrow from Lender, a loan in the principal amount of \$3,000,000. Borrower hereby irrevocably authorizes and directs Lender to advance the advance of the Loan (the “**Advance**”) on the date hereof to it as follows:

- (a) to deduct \$7,500 from the amount of the Loan and apply it to pay the facility fee payable by Borrower to Lender under the Arrangement Letter in respect of the 2nd Loan;
- (b) deduct \$105,000 therefrom and apply it to satisfy 60% of the payment of the amount of \$175,000 for the Placement Fee payable by 2125028 Ontario Inc. in respect of the \$5,000,000 Mortgage Loan to 2125028 Ontario Inc. by Brassroots Capital (Loan) Corp. funded on December 4, 2020;
- (c) deduct \$21,544.80 therefrom and apply it to satisfy 60% of the payment of the amount of \$35,908 for Legal Expenses payable by 2125028 Ontario Inc. in respect of the \$5,000,000 Mortgage Loan to 2125028 Ontario Inc. by Brassroots Capital (Loan) Corp. funded on December 4, 2020;
- (d) deduct \$2,373 therefrom and apply it to satisfy 60% of the payment of the amount of \$3,500 + \$455 for HST for the cost of a Baseline Property Condition Assessment Report payable by 2125028 Ontario Inc. to S2S Environmental Inc.;
- (e) deduct \$11,300 therefrom and apply it to satisfy the payment of the amount of \$10,000 + \$1,300 for HST for Legal Expenses payable by 2125028 Ontario Inc. in respect of the 2nd Loan;
- (f) to wire transfer the balance in the amount of \$2,852,282.20 to the Borrower.

3. *Conditions Precedent*

- 3.1 Borrower agrees to satisfy each of the conditions precedent to advance of the Advance today. Upon satisfaction by Borrower of the following conditions precedent, Lender will advance the Advance to Borrower:

- (a) the 1st Loan (as defined in the Arrangement Letter) is in good standing and in full force and effect with no default continuing thereunder;
- (b) Lender has received each of the following in form and substance satisfactory to the Lender (in original or, at the Lender’s discretion, pdf, facsimile or other copy):

- (i) a Certificate of Borrower (A) attaching true copies of (1) its articles and any unanimous shareholder agreement; together with its by-laws, if any, and (2) all necessary corporate action taken by it to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby and thereby, (B) as to incumbency and true signatures of each individual signing this Agreement, (C) confirming each representation and warranty made by Borrower hereunder and under the Arrangement Letter is true, accurate and complete in all respects, (D) certifying that no Default or event which, with the giving of notice, lapse of time or both, would become or result in a Default has occurred that is continuing and (E) as to such other matters as the Lender may reasonably require;
 - (ii) a certificate of status with respect to Borrower from the Ontario Ministry of Government Services;
 - (iii) this Agreement duly executed by Borrower;
 - (iv) such property and third party liability insurance policy certificates on Equipment, including additional insured and loss payee endorsements, and certificates of insurance as Lender may reasonably require;
 - (v) discharge statements and/or releases for all Liens that are not Permitted Liens, amendments or discharges of Lien registrations that are capable of perfecting Liens in priority to or *pari passu* with the Security and/or subordination agreements or limitation or disclaimer of interest letters and releases of or undertakings to release all such Liens;
 - (vi) an opinion from legal counsel to Borrower on all matters incident to this Agreement as Lender may reasonably require; and
 - (vii) all other documents, declarations, certificates, agreements and notices that the Lender may reasonably require.
- (c) the Security created hereunder has been registered wheresoever required by Lender;
 - (d) any Fees due and owing to Lender hereunder on the date hereof have been paid to Lender in full or arrangements satisfactory to Lender have been made to ensure that all such Fees will be paid in full to Lender contemporaneously with the advance of the Loan by Lender to Borrower;
 - (e) all reasonable out-of-pocket fees, costs and expenses (invoiced or estimated) incurred by Lender in connection with this Agreement (including those payable to its legal counsel) have been paid in full to Lender or

arrangements satisfactory to Lender have been made to ensure that all such out-of-pocket fees, costs and expenses will be paid in full to Lender contemporaneously with the advance of the Loan by Lender to Borrower; and

- (f) the Lender has arranged financing sufficient to fund the Advance of the Loan.

Lender may, in its sole unfettered discretion, waive, with or without conditions, any of the conditions precedent set forth above.

4. *Loan Payments*

Borrower agrees to repay the Loan to Lender by way of 60 equal monthly blended repayment instalments (the Loan Payments). Unless otherwise stated, the first (1st) Loan Payment is due on January 7, 2021 and subsequent Loan Payments are due on the seventh (7th) day in each following calendar month with a final payment on December 7, 2025.

5. *Interest*

- 5.1 Borrower shall pay interest on the Loan to Lender at the Interest Rate calculated and payable from the date hereof until the date the Loan is due and payable hereunder.

- 5.2 If any sum payable by Borrower to Lender is not paid when due and payable hereunder (whether on its stipulated due date, on demand, on acceleration or otherwise), Borrower shall pay Lender interest on the outstanding balance thereof at the Default Interest Rate, compounded and payable monthly in arrears on each Loan Payment Date.

- 5.3 Interest payable on any amount under this Agreement shall be (a) calculated upon the daily outstanding balance of such amount from the date it is first outstanding or advanced until the date it is paid or repaid in full to Lender, (b) paid in Canadian dollars and (c) payable in arrears on each Loan Payment Date and on the date the final balance thereof is paid or repaid in full to Lender based upon the actual number of days elapsed in the relevant period of calculation. Interest payable on each such amount shall be payable both before and after demand, default and judgment at the applicable rate set out in this Section 5 with interest on overdue interest at the same rate.

- 5.4 Each of the Interest Rate and the Default Interest Rate is expressed on the basis of a 365 or 366 day year, as applicable

6. *Maintenance, Use, Operation, Alterations, Upgrades, etc.*

- 6.1 Borrower shall:

- (a) maintain Equipment in good operating condition, repair and appearance, ordinary wear and tear only excepted;
- (b) comply with all recommendations or requirements of Supplier regarding Equipment so as to preserve all Warranties; and
- (c) at Lender's request, enter into a maintenance agreement for Equipment for the full term of this Agreement with Supplier or a competent service and maintenance person approved by Supplier.

6.2 Borrower shall not, without Lender's consent, make any alterations, additions, accessions or attachments to Equipment. Such consent will only be granted if such changes:

- (a) do not materially decrease the value of Equipment or limit, interfere with, or frustrate its intended use;
- (b) do not prejudice or adversely affect any Warranties; and
- (c) are free from, and do not subject Equipment to, any Lien.

6.3 All replacement parts and components, alterations, additions, accessions and attachments, accessions and accessories to Equipment shall be free of Liens, shall be deemed to comprise part of the Equipment and shall be subject to this Agreement.

6.4 Borrower shall affix and keep affixed to Equipment any identification labels supplied by Lender.

7. *Inspection*

The representative of Lender shall have the right to inspect Equipment at all reasonable times upon reasonable notice to Borrower.

8. *Insurance*

8.1 Borrower shall at its own expense place and maintain:

- (a) comprehensive all risks insurance on Equipment for its full replacement value. Such insurance shall include: **(i)** Lender as a named insured, **(ii)** a loss payable clause in favour of Lender, and **(iii)** a waiver of subrogation clause in favour of Lender; and
- (b) general public liability and property damage insurance with limits of liability at least equal to \$2,000,000 or such greater amount as Lender may require. Such insurance shall: **(i)** extend to all liabilities of Borrower under this Agreement arising out of its use or possession of Equipment, **(ii)** include Lender as first loss payee and an additional named insured, and **(iii)** include a cross liability provision which insures each person insured

thereunder in the same manner and to the same extent as if a separate policy had been issued to each.

8.2 All policies of insurance shall contain endorsements providing that: (a) 30 days' written notice shall be given to Lender before the policy is materially altered or cancelled; (b) the insurance shall be primary and not contributory; (c) Lender's interest as a named insured shall not be invalidated or otherwise adversely affected by any act or omission, deliberate, negligent or otherwise, of Borrower or its agents, servants or employees; (d) Lender shall not be responsible for payment of any premiums; and (e) Lender may elect to have all proceeds of loss payable only to itself.

8.3 Borrower shall, on request, supply Lender with certified copies of all insurance policies or other evidence satisfactory to Lender evidencing the required coverage.

9. *Taxes, etc.*

Borrower shall have the sole responsibility for and shall duly and punctually pay all Taxes and all licence and similar fees payable at any time upon, or in respect of, Equipment, this Agreement, any Loan Payments and any other payments or transactions contemplated hereunder.

10. *Liens*

Borrower shall keep Equipment free of Liens, other than Permitted Liens.

11. *Laws and Regulations*

Borrower shall comply with all laws and regulations relating to use, operation or possession of Equipment or the ownership thereof.

12. *Security*

12.1 As general and continuing collateral security, without impairment or novation, for the due payment and performance of the Obligations, Borrower hereby grants Lender a security interest in (a) all Equipment, together with all replacement parts and components, alterations, additions, accessions and attachments, accessions and accessories incorporated or installed therein and/or affixed thereto, (b) all replacements of or substitutions for any items of property referred to in this Section 12.1, (c) all proceeds and personal property in any form derived directly or indirectly from any property referred to in this Section 12.1 or from any disposal of or other dealing with any such property, or that indemnifies or compensates for such property stolen, lost, destroyed or damaged, and proceeds of proceeds whether or not of the same type, class or kind as the original proceeds and (d) all Borrower's present and after-acquired rights in and to any or all of the property referred to in this Section 12.1. Borrower also hereby assigns to Lender all Borrower's present and after-acquired rights in and to any or all of policies of insurance on any Equipment Collateral.

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

13. *Default*

13.1 It shall be a Default under this Agreement if:

- (a) Borrower fails to pay any Loan Payment within 10 days of notice by Lender to Borrower of non-payment on its due date;
- (b) any representation or warranty of Borrower expressed herein is false or materially misleading;
- (c) Borrower fails to pay or perform any other Obligation, or any obligation under any other agreement with Lender, and such failure continues for 10 days after notice thereof by Lender to Borrower;
- (d) any act of bankruptcy takes place respecting Borrower, any resolution is passed with respect to or any proceedings, voluntary or involuntary, are commenced under any present or future statute or law relating to bankruptcy, insolvency, liquidation, winding-up, dissolution or relief from or compromise or arrangement with creditors of Borrower;
- (e) Borrower ceases or threatens to cease to carry on business or makes or proposes to make any sale of the whole or any substantial part of its assets in bulk, or otherwise out of the normal course of business or proposes or attempts to merge or amalgamate with any corporation;
- (f) any execution, sequestration, seizure, expropriation, restraint or similar process is brought against, or if a distress or analogous process is levied upon the whole or any part of the property of Borrower or Equipment;
- (g) any receiver, administrator, receiver and manager or similar official is appointed for Borrower or respecting all or any part of the property, assets or undertaking of Borrower, including Equipment, whether pursuant to any private instrument or agreement or by order of any court;
- (h) if ownership of or control and direction over the assets or undertaking of Borrower, including Equipment, or the majority of its voting shares changes, by amalgamation, merger, sale, transfer of shares or otherwise, except pursuant to death of a shareholder, without the prior consent of Lender; or

- (i) any event or circumstance described in any of paragraphs (d) through (h) included in this section, occurs with respect to any guarantor or surety of Borrower or any person who controls Borrower or any affiliate of Borrower (and for this purpose “control” and “affiliate” shall have the respective meanings attributed thereto in the *Canada Business Corporations Act*).

13.2 If any event or circumstance has arisen or occurred which, with notice and/or lapse of time, could reasonably be expected to become a Default, any or all Borrower’s rights hereunder and Lender’s obligations hereunder shall, at the option of Lender, be suspended.

14. *Lender’s Remedies on Default*

Upon Default, the Security shall become enforceable and Lender shall be entitled to do one or more of the following:

- (a) suspend any rights of Borrower hereunder;
- (b) accelerate the maturity of all or any item or part of the Obligations and declare them to be payable on demand or immediately due and payable, whereupon they shall be so accelerated and become so due and payable;
- (c) demand payment under any Obligations;
- (d) enforce the Security pursuant to Section 15;
- (e) demand, sue for and recover damages arising out of such Default (and for this purpose Borrower agrees to pay Lender’s Return to Lender, as a genuine pre-estimate of Lender’s liquidated damages for loss of bargain and not as a penalty); and
- (f) exercise any other rights or remedies and/or take any proceedings available to Lender hereunder, at law (including the PPSA) or in equity.

15. *Enforcement of Security*

If the Security becomes enforceable, Lender shall be entitled to do any one or more of the following:

- (a) take possession of Equipment, without demand, notice or legal proceeding and enter on any premises of Borrower or any other Person for such purpose, Borrower hereby granting an irrevocable licence to Lender or any Receiver authorizing it and any of its representatives authority to do so;
- (b) sell, lease or otherwise dispose of Equipment Collateral by public or private transaction for such consideration payable immediately or deferred and on such terms and conditions as Lender in its discretion determines;

- (c) exercise any rights or remedies or take any proceedings available to Lender hereunder or under the PPSA;
- (d) sell, lease or otherwise dispose of Equipment Collateral by public or private transaction for such consideration payable immediately and/or deferred and on such terms and conditions as Lender in its discretion determines;
- (e) appoint by instrument in writing one or more Receivers of any Equipment Collateral. Any such Receiver shall have the rights set out in paragraph (f) below. In exercising such rights, any Receiver shall act as and for all purposes shall be deemed to be the agent of Borrower and Lender shall not be responsible for any act or default of any Receiver. Lender may remove any Receiver and appoint another from time to time. No Receiver appointed by 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 Lender a mortgagee in possession in respect of the Equipment Collateral.
- (f) Any Receiver appointed by Lender shall have such of the following rights as are entrusted to it under the instrument from Lender appointing it:
 - (i) any Receiver may at any time enter upon any premises owned, leased or otherwise occupied by Borrower or where any Equipment is located to take possession of, disable or remove any Equipment, and may use whatever means the Receiver considers advisable to do so;
 - (ii) any Receiver shall be entitled to immediate possession of Equipment and Borrower shall forthwith upon demand by any Receiver deliver up possession to a Receiver of any Equipment;
 - (iii) any Receiver may sell, lease, consign, license, assign or otherwise dispose of any Equipment 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 Lender to the extent permitted by applicable law;
 - (iv) 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 Equipment Collateral and may dispose of Equipment 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 Equipment. 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;

- (v) any Receiver may borrow money for the maintenance, preservation or protection of any Equipment Collateral and may grant Liens in any Equipment Collateral in priority to the Security as security for the money so borrowed. Borrower will forthwith on demand reimburse the Receiver for all such payments and borrowings;
- (vi) any Receiver may seize, collect, realize, dispose of, enforce, release to third parties or otherwise deal with any Equipment Collateral in such manner, upon such terms and conditions and at such time as it deems advisable without notice to Borrower (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. Borrower will forthwith upon demand reimburse the Receiver for all such costs or expenses; and
- (vii) any Receiver may exercise such rights with respect to the Equipment Collateral as may be incidental, ancillary, attaching or deriving from the ownership by Borrower of the Equipment Collateral, including the right to enter into agreements pertaining to Equipment Collateral, the right to commence or continue proceedings to preserve or protect Equipment Collateral and the right to grant or agree to Liens and grant rights in the nature of leases or licenses over or pertaining to the whole or any part of the Equipment Collateral.
- (g) 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 Lender pursuant to this Agreement

16. *Lender's Right to Remedy Defaults*

If Borrower fails to perform or comply with any Obligation, Lender may, but has no obligation to, perform same in the name of Borrower or Lender and make all necessary disbursements in connection therewith, which shall be reimbursed by Borrower immediately on demand. Lender is hereby appointed Borrower's lawful attorney to take any such action in Borrower's name.

17. *Borrower's General Indemnities*

Borrower will indemnify 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 existing or future loss, costs, charges, expenses, liabilities, claims, demands, penalties, damages, suits, actions and causes of action of every nature and kind whatsoever (“**Claims**”) sustained or suffered by Lender, or for which Lender may become liable, resulting from or arising out of or which such Indemnified Party may suffer or incur in connection with (a) the exercise by Lender or any Receiver of any of its rights hereunder, (b) any Default, (c) any personal injury or property damage or other commercial loss arising out of the disassembly and removal of Equipment or (d) any use or operation of Equipment which infringes any patent or other industrial or intellectual property right, save that Borrower shall not be obliged to so indemnify any Indemnified Party to the extent such Claims are determined by a final judgment to have directly resulted from the wilful misconduct or gross negligence of the Indemnified Party. 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 17 for their respective benefits.

18. *Notices*

Any notice, demand, consent or other communication required or permitted hereunder (“**Notice**”) shall be in writing and may be delivered, or sent by prepaid registered mail, or sent by electronic mail or other means which produces a permanent written record (a “**transmission**”). Mailed Notice shall be deemed to have been given three business days after mailing provided there is no disruption or stoppage of postal services.. Notice which is delivered shall be effective upon delivery during business hours to an apparently responsible adult and transmissions shall be deemed to have been received at the opening of the next business day, provided the sender does not receive a notice of delivery failure. Addresses for Notice shall be those addresses stated on the signature pages hereof and may be changed in accordance with the foregoing.

19. *Assignment and Sub-Letting and Location of Equipment*

Borrower shall not assign any rights hereunder or give up possession of or sub-let Equipment or move Equipment from Borrower’s premises referred to in Section 25.1 without the prior consent of Lender, and such consent may be withheld by Lender in its sole and unfettered discretion. No assignment of rights hereunder or giving up possession or sub-letting of Equipment shall relieve Borrower of its Obligations.

20. *Borrower’s General Representations, Warranties and Covenants*

Borrower represents and warrants to and covenants with Lender that: (a) it is and will continue to be a corporation duly and validly incorporated, organized and existing in good standing under the laws of the Province of Ontario, with all necessary power and authority to execute, deliver and perform this Agreement; (b) all of the foregoing actions have been and will be duly authorized by all necessary action, are not and will not be in conflict with the constating documents or by-laws of Borrower or any indenture, instrument, agreement or undertaking to

which it is or will be a party or by which it or its assets are or may become bound; and (c) this Agreement is and will continue to be the legal, valid and binding obligation of Borrower, enforceable against it in accordance with its terms.

Borrower agrees to furnish Lender a copy of (i) in-house prepared monthly financial statements within 15 days of each month-end during the term of this Agreement; and (ii) its most recent annual financial statements, audited if applicable, promptly upon availability and in any event within 90 days of each financial year end during the term of this Agreement.

21. *Forbearance, Indulgence and Waivers*

Forbearance or indulgence by Lender in any instance shall not constitute a general waiver of the Obligation to which the same applies. Any waiver by Lender of its rights must be in writing and shall not extend to any repetition of the Obligation or right waived.

22. *Acknowledgment*

Borrower agrees that the provisions of this Agreement and, in particular, those respecting rights, remedies and powers of Lender against Borrower and Equipment upon Default are commercially reasonable and not manifestly unreasonable.

23. *Successors and Assigns*

This Agreement shall inure to the benefit of and be binding upon Lender and Borrower, their successors and permitted assigns. Lender may assign or transfer in whole or part its rights under this Agreement, and/or Pledge its rights hereunder or in Equipment Collateral, and any assignee, transferee or beneficiary of such Pledge (“Assignee”) shall be unrestricted in the exercise of such rights. Borrower shall recognize any such assignment, transfer or Pledge and shall not assert against any Assignee any Claims or Equities which it may have against the original Lender respecting this Agreement or Equipment Collateral and waives all Claims and Equities against Assignee’s rights to enforce this Agreement based on Lender’s alleged failure to perform same.

24. *Amalgamation*

Borrower acknowledges and agrees that, in the event Borrower amalgamates with any other corporation or corporations, it is the intention of the parties hereto that the term “Borrower,” when used herein shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the Security granted hereby (a) shall extend to Equipment Collateral owned by each of the amalgamating corporations and the amalgamated corporation at the time of amalgamation and to any Equipment 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 Lender at the time of amalgamation and all Obligations of the amalgamated corporation to

Lender thereafter arising. The Security shall attach to all Equipment Collateral owned by each corporation amalgamating with Borrower, and shall attach to all Equipment Collateral thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired.

25. *Location of Equipment*

25.1 Except as otherwise permitted hereunder, Borrower shall not part with possession of Equipment nor remove the same from its premises at 1725 McPherson Court, Pickering, Ontario L1W 3E9.

25.2 Borrower covenants that Equipment will continue to be located where stated in section 25.1, or at any other location consented to by Lender.

26. *No SET-OFF*

Borrower IRREVOCABLY AND UNCONDITIONALLY waives all Equities against any Loan Payment or other amount due to Lender hereunder and agrees to pay EACH SUCH LOAN PAYMENT and other amount WITHOUT regard TO any Equities and otherwise without reduction, deduction or abatement.

27. *Remedies Cumulative*

All rights and remedies of Lender hereunder are cumulative and not exclusive or alternative and may be exercised by Lender separately or together, in any order, sequence or combination.

28. *Time*

Time is and shall remain of the essence of this Agreement.

29. *Entire Agreement*

29.1 There are no representations, warranties, covenants, agreements or acknowledgements affecting this Agreement or Equipment, other than expressed herein in writing.

29.2 No agreement purporting to amend or modify this Agreement or any other statement, document, paper or writing relating hereto or to Equipment or connected herewith shall be binding unless in writing signed by the parties hereto.

30. *Severability*

Any term, condition or provision of this Agreement which is deemed void, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be severed herefrom and ineffective to the extent of such invalidity, prohibition or unenforceability, without in any way invalidating the balance hereof.

31. *No Merger in Judgment*

The taking of any judgment by Lender under this Agreement shall not operate as a merger or novation of any term or condition hereof or of any Obligation.

32. *Further Assurances and Power of Attorney*

32.1 Borrower shall do, execute and perform all such acts, deeds, documents and things as may be reasonably required to enable Lender to have the full benefit of all rights and remedies intended to be reserved or created hereby. Lender is hereby appointed Borrower's lawful attorney to carry out any Obligation of Borrower.

32.2 Each power of attorney granted herein by Borrower is granted with full power of substitution, is irrevocable and is coupled with an interest.

33. *Choice of Law*

This Agreement shall be governed, construed, performed and enforced in accordance with the laws of the Province of Ontario, including the federal laws of Canada applicable therein, but excluding choice of law rules.

34. *Currency*

Unless otherwise stated on the face of this Agreement, all sums of money payable hereunder shall be paid in Canadian dollars.

35. *Survival*

Notwithstanding any other Section of this Agreement, any accrued Obligations, and the Obligations of Borrower under Section 16, and the rights, powers and remedies of Lender hereunder, whether accrued or not, shall survive the termination of this Agreement and the payment of all Loan Payments and all other amounts payable hereunder.

36. *Limitations Period*

The parties hereto agree to extend the limitation period under the *Limitations Act, 2002* (Ontario) applicable to this Agreement, and each provision hereof and any claim thereunder, to six (6) years.

37. *Allocations*

Borrower hereby irrevocably and unconditionally waives any present or future right to allocate any payment made to Lender hereunder to any specific Obligation due under this Agreement. Lender may allocate and apply any payment received to any Obligation due hereunder and may reverse, reallocate and reapply any such payment as many times and in such manners as Lender from time to time sees fit.

38. *Reimbursable Fees, Costs and Expenses*

Borrower shall forthwith reimburse Lender, on demand and on a full indemnity basis, for all interest, commissions, costs of realization and other costs and expenses (including legal fees and expenses on a full indemnity basis) incurred by Lender or any Receiver in connection with (a) the preparation, execution, delivery and entry into effect of this Agreement limited to \$15,000 +HST or (b) the protection, enforcement of and advice with respect to this Agreement and the Security, including those arising in connection with the realization, disposition of, retention, protection or collection of any Equipment Collateral and the protection or enforcement of the rights of Lender or any Receiver and those incurred for registration costs and finite or perpetual registration of any financing statement registered in connection with the Security.

39. *Pre-authorized Payments*

Borrower shall execute and deliver to Lender from time to time upon request pre-authorized payment orders in such form as Lender may reasonably request. Lender is hereby authorized to deliver such orders to the financial institution named therein. Borrower hereby appoints Lender its lawful attorney to take all action contemplated by such payment orders to receive payment of any amount due under this Agreement.

40. *Verification Statements*

Borrower hereby acknowledges receipt of an executed copy of this Agreement and copies of the verification statements pertaining to the financing statements filed against Borrower by or on behalf of Lender under the PPSA in respect of this Agreement. To the extent permitted by applicable law, Borrower irrevocably waives the right to receive a copy of each financing statement or financing change statement (or any verification statement pertaining thereto) filed against Borrower by or on behalf of Lender under the PPSA, and releases any and all claims it may have against Lender for failure to provide any such copy.

41. *Information*

At any time Lender may provide to any person copies of this Agreement or information about Borrower, Equipment Collateral, this Agreement or the Obligations.

42. *Execution*

The words "execution," "signed," "signature," and words of like import in this Agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including Parts 2 and 3 of the Personal Information Protection and

Electronic Documents Act (Canada), the Electronic Commerce Act, 2000 (Ontario) and other similar federal or provincial laws based on the Uniform Electronic Commerce Act of the Uniform Law Conference of Canada or its Uniform Electronic Evidence Act, as the case may be.

43. ***Counterparts***

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. Delivery by a party hereto of an executed counterpart of a signature page of this Agreement by facsimile transmission, electronic transmission of a portable document format thereof or electronic transmission of an electronic document containing such executed counterpart shall be effective as delivery of an original manually executed counterpart hereof.

[Signature pages follow]

TO WITNESS this Agreement, each party hereto has caused this Agreement to be duly executed and delivered as of the date set forth at the commencement hereof.

LENDER

2125028 ONTARIO INC.,

(Name)

By:  _____
98B9732C9B524B6...

Name: Robert Pinheiro

Title: President

Notices to Lender:

Address:

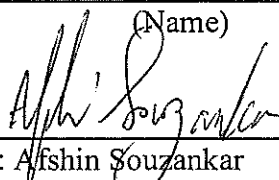
1725 McPherson Court,
Pickering, Ontario
L1W 3E9

BORROWER

CANNAPIECE CORP.

(Name)

By: _____



Name: Afshin Souzankar

Title: Chief Executive Officer

Notices to Borrower:

Address:

1725 McPherson Court,
Pickering, Ontario
L1W 3E9

Attention:

Facsimile:

e-mail:

EXHIBIT A

DESCRIPTION OF EQUIPMENT

This Exhibit A to the Second Loan and Security Agreement dated as of the 7th day of December, 2020 between 2125028 Ontario Inc. and Cannapiece Corp., (the “**Second Loan and Security Agreement**”) provides a description of the Equipment (as defined in the Second Loan and Security Agreement).

(See attached)

Equipment for collateral for 2nd loan by Robert and Doug

ITEM	Lead-time	Purchase Date	Quantity	Unit Cost	Total (Excl. HST)	Total With HST	Equipment Order Status	Payment Notes	Collateral (Exists or Free)	Quotes	Invoice	Serial No.	Notes
LAB Equipment Base Plan (all purchased)	1	N/A	2	\$ 11,586	\$ 23,171	\$ 26,183	installed & Commissioned	fully paid	Free	Across International	MIS Consulting	2020080025/2020080029	Quote: AT75x.220 - USD invoice
	2	N/A	2	\$ 107,689	\$ 215,377	\$ 243,376	installed & Commissioned	fully paid	Free	Across International	MIS Consulting	19090271 / 19100336	Picture could not be taken due to safety reasons - if absolutely necessary will provide.
	3	N/A	1	\$ 61,103	\$ 61,103	\$ 69,046	installed & Commissioned	fully paid	Free	Across International	MIS Consulting	40057670	Quote: A80T - USD invoice
	4	N/A	2	\$ 23,186	\$ 46,371	\$ 52,399	installed & Commissioned	fully paid	Free	Across International	MIS Consulting	190730217 / 190730211	Quote: G35.220AT75x.220 - USD invoice
	5	N/A	1	\$ 124,699	\$ 124,699	\$ 140,909	installed & Commissioned	fully paid	Free	Ecoyyst	Ecoyyst	21917629	Invoice in USD
	6	N/A	2	\$ 11,586	\$ 23,171	\$ 26,183	installed & Commissioned	fully paid	Free	Across International	MIS Consulting	2019110022/2019110019	Quote: AT75x.220 - USD invoice
	7	N/A	1	\$ 178,856	\$ 178,856	\$ 202,084	installed & Commissioned	fully paid	Free	PRESCOT	PRESCOT	2201494	Invoice in USD
	8	N/A	1	\$ 85,043	\$ 85,043	\$ 96,098	installed & Commissioned	fully paid	Free	HAL Extraction Booth	HAL Extraction Booth	150005200166	Invoice in USD
	9	N/A	1	\$ 10,875	\$ 10,875	\$ 12,289	installed & Commissioned	fully paid	Free	VWR	VWR	C029701695	Invoice in USD
	10	N/A	1	\$ 73,186	\$ 73,186	\$ 82,700	installed & Commissioned	fully paid	Free	FlackTek	FlackTek	10005458001	Invoice in USD
	11	N/A	2	\$ 17,852	\$ 35,703.55	\$ 40,345	installed & Commissioned	fully paid	Free	Cascade Ovens	MIS Consulting	06010620 / 06010620	Invoice in USD
SUB-Total					\$ 877,535	\$ 991,614							
Extraction and Lab Equipment (Interim) Expansion 1 CO2 Back	12	N/A	2	\$ 94,608	\$ 189,216	\$ 213,814	installed & Commissioned	fully paid	Free	FlackTek	FlackTek	1910010022/ 2010490014	
	13	N/A	1	\$ 282,744	\$ 282,744	\$ 319,501	installed & Commissioned	fully paid	Free	Ecoyyst	Ecoyyst	21916843	Quote provided
	14	N/A	1	\$ 393,349	\$ 393,349	\$ 444,484	installed & Commissioned	fully paid	Free	PRESCOT	PRESCOT	1191218	
	SUB-Total					\$ 865,309	\$ 977,799						
Extraction and Lab Equipment	15	N/A	1	\$ 323,761	\$ 323,761	\$ 365,850	installed & Commissioned	fully paid	Free	Extraction Tek Solutions (ETS)	Extraction Tek Solutions (ETS)	EP337	
	SUB-Total					\$ 323,761	\$ 365,850						
Scrub Uniform Dispensers	16	N/A	1	\$ 169,975	\$ 169,975	\$ 192,072	installed & Commissioned	fully paid	Free	HTI Healthcare	HTI Healthcare	032019-12515 / 012020-13144	
	SUB-Total					\$ 169,975	\$ 192,072						
Packaging (Pouch & Jar Hybrid)	17	N/A	1	\$ 456,750	\$ 456,750	\$ 516,128	installed & Commissioned	fully paid	Free	Weightpack or Paxiom	Weightpack or Paxiom	6691/ 6694/ 6538/ 6692/ 6693/ 6697	
	SUB-Total					\$ 456,750	\$ 516,128						
SUMMARY					\$ 2,699,330	\$ 3,049,463							

EXHIBIT B
LOAN AMORTIZATION SCHEDULE

(See attached)

LOAN AMORTIZATION SCHEDULE



LENDER NAME	2125028 Ontario Inc.
LENDER ADDRESS	1725 McPherson Court
	Pickering, Ontario L1W 3H9
LENDER PHONE	(905) 837-9394
LENDER CONTACT	Robert Pinheiro
DATE OF LOAN	2020-12-07
NAME ON LOAN	Cannapiece Corp.

DATA	VALUE
Complete WHITE Fields Only	
SECURED EQUIPMENT VALUE	\$3,000,000.00
PERCENT OF PREPATMENT	0%
TOTAL PREPAYMENT	\$0.00
LOAN AMOUNT	\$3,000,000.00
ANNUAL INTEREST RATE	10.00%
LENGTH OF LOAN IN YEARS	5
LENGTH OF LOAN IN MONTHS	60
FIRST PAYMENT DATE	2021-01-11
COMPOUND PERIOD	Monthly
PAYMENT FREQUENCY	Monthly
CALCULATED OUTPUT	
IMPUTED MONTHLY INTEREST RATE	0.833%
MONTHLY PAYMENT	\$63,741.13
NUMBER OF PAYMENTS	60
INTEREST TOTAL	\$824,468.16

LOAN AMORTIZATION SCHEDULE							
PMT #	DATE OF PAYMENT	BEGINNING BALANCE	SCHEDULED PAYMENT	ADDITIONAL PAYMENT	INTEREST	PRINCIPAL	BALANCE
							\$3,000,000.00
1	2021-01-11	\$3,000,000.00	\$63,741.13		\$25,000.00	\$38,741.13	\$2,961,258.87
2	2021-02-11	\$2,961,258.87	\$63,741.13		\$24,677.16	\$39,063.97	\$2,922,194.90
3	2021-03-11	\$2,922,194.90	\$63,741.13		\$24,351.62	\$39,389.51	\$2,882,805.39
4	2021-04-11	\$2,882,805.39	\$63,741.13		\$24,023.38	\$39,717.75	\$2,843,087.64
5	2021-05-11	\$2,843,087.64	\$63,741.13		\$23,692.40	\$40,048.73	\$2,803,038.91
6	2021-06-11	\$2,803,038.91	\$63,741.13		\$23,358.66	\$40,382.47	\$2,762,656.44
7	2021-07-11	\$2,762,656.44	\$63,741.13		\$23,022.14	\$40,718.99	\$2,721,937.45
8	2021-08-11	\$2,721,937.45	\$63,741.13		\$22,682.81	\$41,058.32	\$2,680,879.13
9	2021-09-11	\$2,680,879.13	\$63,741.13		\$22,340.66	\$41,400.47	\$2,639,478.66
10	2021-10-11	\$2,639,478.66	\$63,741.13		\$21,995.66	\$41,745.47	\$2,597,733.19
11	2021-11-11	\$2,597,733.19	\$63,741.13		\$21,647.78	\$42,093.35	\$2,555,639.84
12	2021-12-11	\$2,555,639.84	\$63,741.13		\$21,297.00	\$42,444.13	\$2,513,195.71
13	2022-01-11	\$2,513,195.71	\$63,741.13		\$20,943.30	\$42,797.83	\$2,470,397.88
14	2022-02-11	\$2,470,397.88	\$63,741.13		\$20,586.65	\$43,154.48	\$2,427,243.40
15	2022-03-11	\$2,427,243.40	\$63,741.13		\$20,227.03	\$43,514.10	\$2,383,729.30
16	2022-04-11	\$2,383,729.30	\$63,741.13		\$19,864.41	\$43,876.72	\$2,339,852.58
17	2022-05-11	\$2,339,852.58	\$63,741.13		\$19,498.77	\$44,242.36	\$2,295,610.22
18	2022-06-11	\$2,295,610.22	\$63,741.13		\$19,130.09	\$44,611.04	\$2,250,999.18
19	2022-07-11	\$2,250,999.18	\$63,741.13		\$18,758.33	\$44,982.80	\$2,206,016.38
20	2022-08-11	\$2,206,016.38	\$63,741.13		\$18,383.47	\$45,357.66	\$2,160,658.72
21	2022-09-11	\$2,160,658.72	\$63,741.13		\$18,005.49	\$45,735.64	\$2,114,923.08
22	2022-10-11	\$2,114,923.08	\$63,741.13		\$17,624.36	\$46,116.77	\$2,068,806.31
23	2022-11-11	\$2,068,806.31	\$63,741.13		\$17,240.05	\$46,501.08	\$2,022,305.23
24	2022-12-11	\$2,022,305.23	\$63,741.13		\$16,852.54	\$46,888.59	\$1,975,416.64
25	2023-01-11	\$1,975,416.64	\$63,741.13		\$16,461.81	\$47,279.32	\$1,928,137.32

26	2023-02-11	\$1,928,137.32	\$63,741.13		\$16,067.81	\$47,673.32	\$1,880,464.00
27	2023-03-11	\$1,880,464.00	\$63,741.13		\$15,670.53	\$48,070.60	\$1,832,393.40
28	2023-04-11	\$1,832,393.40	\$63,741.13		\$15,269.94	\$48,471.19	\$1,783,922.21
29	2023-05-11	\$1,783,922.21	\$63,741.13		\$14,866.02	\$48,875.11	\$1,735,047.10
30	2023-06-11	\$1,735,047.10	\$63,741.13		\$14,458.73	\$49,282.40	\$1,685,764.70
31	2023-07-11	\$1,685,764.70	\$63,741.13		\$14,048.04	\$49,693.09	\$1,636,071.61
32	2023-08-11	\$1,636,071.61	\$63,741.13		\$13,633.93	\$50,107.20	\$1,585,964.41
33	2023-09-11	\$1,585,964.41	\$63,741.13		\$13,216.37	\$50,524.76	\$1,535,439.65
34	2023-10-11	\$1,535,439.65	\$63,741.13		\$12,795.33	\$50,945.80	\$1,484,493.85
35	2023-11-11	\$1,484,493.85	\$63,741.13		\$12,370.78	\$51,370.35	\$1,433,123.50
36	2023-12-11	\$1,433,123.50	\$63,741.13		\$11,942.70	\$51,798.43	\$1,381,325.07
37	2024-01-11	\$1,381,325.07	\$63,741.13		\$11,511.04	\$52,230.09	\$1,329,094.98
38	2024-02-11	\$1,329,094.98	\$63,741.13		\$11,075.79	\$52,665.34	\$1,276,429.64
39	2024-03-11	\$1,276,429.64	\$63,741.13		\$10,636.91	\$53,104.22	\$1,223,325.42
40	2024-04-11	\$1,223,325.42	\$63,741.13		\$10,194.38	\$53,546.75	\$1,169,778.67
41	2024-05-11	\$1,169,778.67	\$63,741.13		\$9,748.16	\$53,992.97	\$1,115,785.70
42	2024-06-11	\$1,115,785.70	\$63,741.13		\$9,298.21	\$54,442.92	\$1,061,342.78
43	2024-07-11	\$1,061,342.78	\$63,741.13		\$8,844.52	\$54,896.61	\$1,006,446.17
44	2024-08-11	\$1,006,446.17	\$63,741.13		\$8,387.05	\$55,354.08	\$951,092.09
45	2024-09-11	\$951,092.09	\$63,741.13		\$7,925.77	\$55,815.36	\$895,276.73
46	2024-10-11	\$895,276.73	\$63,741.13		\$7,460.64	\$56,280.49	\$838,996.24
47	2024-11-11	\$838,996.24	\$63,741.13		\$6,991.64	\$56,749.49	\$782,246.75
48	2024-12-11	\$782,246.75	\$63,741.13		\$6,518.72	\$57,222.41	\$725,024.34
49	2025-01-11	\$725,024.34	\$63,741.13		\$6,041.87	\$57,699.26	\$667,325.08
50	2025-02-11	\$667,325.08	\$63,741.13		\$5,561.04	\$58,180.09	\$609,144.99
51	2025-03-11	\$609,144.99	\$63,741.13		\$5,076.21	\$58,664.92	\$550,480.07
52	2025-04-11	\$550,480.07	\$63,741.13		\$4,587.33	\$59,153.80	\$491,326.27
53	2025-05-11	\$491,326.27	\$63,741.13		\$4,094.39	\$59,646.74	\$431,679.53

AMENDMENT NO. 1 TO SECOND LOAN AND SECURITY AGREEMENT

This Amendment No. 1 to Second Loan and Security Agreement dated as of January 31, 2022

BETWEEN:

2125028 ONTARIO INC.,
(hereinafter referred to as the "Lender")

- and -

CANNAPIECE CORP.
(hereinafter referred to as the "Borrower")

RECITALS:

- A. The Lender and the Borrower are parties to a second loan and security agreement dated as of December 7, 2020 (the "**Second Loan Agreement**"), wherein the Lender agreed to make a loan facility available to the Borrower on the terms and conditions set out in the Second Loan Agreement.
- B. The Second Loan Agreement provides for the repayment of the Loan by way of a series of Loan Payments, each in the amount of \$63,741.13 payable on the 11th day of each month from January 11, 2021 to and including December 11, 2025.
- C. The Borrower has previously defaulted in the furnishing of in-house prepared monthly financial statements by March 31, 2021 and May 31, 2021, and the Lender issued certain reservation of rights letters to the Borrower in respect of those defaults. The Borrower has subsequently cured these defaults and brought the loan arrangement into good standing to the satisfaction of the Lender.
- D. The Borrower has requested that the Lender agree that (i) the Loan Payments scheduled for January 11, 2022 and February 11, 2022 be deferred to, and become payable on, January 15, 2023, with interest payable thereon at the rate of 14% per annum, and (ii) to amend certain terms and provisions of the Second Loan Agreement, all as provided below.
- E. The Lender is prepared to extend the due date of the Loan Payments scheduled for January 11, 2022 and February 11, 2022, and to amend the Second Loan Agreement, subject to the terms hereof and the satisfaction of the conditions precedent set out herein.
- F. It is not the intention of the parties hereto that this Amendment No. 1 shall novate the Second Loan Agreement.

NOW THEREFORE for valuable consideration, the receipt and sufficiency of which are acknowledged by the parties to this Amendment No. 1, the parties agree as follows:

ARTICLE 1 INTERPRETATION AND GENERAL

Section 1.1 Definitions.

This Amendment No. 1 to Second Loan Agreement shall be herein referred to as "**this Amendment No. 1**". All capitalized terms used in this Amendment No. 1 which are not otherwise defined shall have the meanings established for such terms in the Second Loan Agreement. For purposes of the Second Loan Agreement, the term "Agreement" shall mean the Second Loan Agreement, together with all schedules and exhibits attached thereto, as the Second Loan Agreement and such schedules and exhibits may be amended, restated, replaced or modified at any time and from time to time (including pursuant to this Amendment No. 1).

Section 1.2 Headings.

The division of this Amendment No. 1 into Articles, Sections and Subsections and the insertion of headings are for convenience of reference only and shall not affect the meaning or interpretation of this Amendment No. 1.

Section 1.3 References.

All references to Subsections, Sections and Articles are to Subsections, Sections and Articles of this Amendment No. 1 unless otherwise specified herein. The words "hereto", "herein", "hereof", "hereunder", "this Amending Agreement", "this Agreement" and similar expressions mean and refer to this Amendment No. 1.

ARTICLE 2 AMENDMENTS

Section 2.1 Amendments.

The Second Loan Agreement is hereby amended as follows:

- (a) The following defined terms shall be added to Section 1.1 of the Second Loan Agreement:

"Deferred Loan Payments Interest Rate" means 14% per annum.

"Deferred Loan Payments" means the Loan Payments identified as Payments 13 and 14 in Exhibit B to the Second Loan Agreement originally due and payable on January 11, 2022 and February 11, 2022.

"Deferred Loan Payment Date" means a date on which the Deferred Loan Payments are made or due to be made hereunder, being January 15, 2023.

- (b) The definitions of "**Lender's Return**", "**Loan**", "**Loan Payment**", "**Loan Payment Date**" and "**Obligation**" in Section 1.1 of the Second Loan Agreement are hereby deleted and replaced with the following:

"Lender's Return" means at any time the amount by which (i) the aggregate sum of all future Loan Payments discounted to present value at that time at the rate equal to the then prevailing yield of Government of Canada Treasury Bills or Bonds selected by Lender having a maturity comparable to the final scheduled Loan Payment Date exceeds (ii) the aggregate sum of all remaining scheduled Loan Payments discounted to present value at that time at the rate of (x) 14% per annum, compounded monthly, in the case of the Deferred Loan Payments, and (y) at the rate of 10.0% per annum, compounded monthly, in the case of all other Loan Payments.

"Loan" means the loan advanced by Lender to Borrower pursuant to Section **Error! Reference source not found.** or the outstanding principal balance thereof after the making of the Loan Payments and the Deferred Loan Payments, as the context requires. Exhibit B hereto sets forth the amortized principal amount of the Loan if Borrower makes each Loan Payment on each scheduled Loan Payment Date, save and except that it does not reflect the Deferred Loan Payments which are now to be made on the Deferred Loan Payment Date.

"Loan Payments" means the periodic loan payments in the amount of \$63,741.13 each payable on the 11th day of each calendar month commencing on January 11, 2021 with a final payment on December 11, 2025 save and except for the Deferred Loan Payments which are payable on the Deferred Loan Payment Date.

"Loan Payment Date" means a date on which a Loan Payment is made or due to be made hereunder, as the context requires, and in the case of the Deferred Loan Payments, means the Deferred Loan Payment Date.

"Obligation" means any obligation to repay the Loan or to pay any Loan Payment or other amount which may be owing by Borrower under this Agreement or to perform any other obligation or undertaking of Borrower hereunder, including, without limitation, to pay interest on the Deferred Loan Payments at the Deferred Loan Payments Interest Rate and to pay the Deferred Loan Payments on the Deferred Loan Payment Date.

- (c) Section 4 of the Second Loan Agreement is hereby deleted and replaced with the following:

"4. Loan Payments

Borrower agrees to repay the Loan to Lender by way of 60 equal monthly blended repayment instalments (the Loan Payments), save and except for the Deferred Loan Payments which the Borrower agrees to repay on the Deferred Loan Payment Date. Unless otherwise stated, the first (1st) Loan Payment is due on January 11, 2021 and subsequent Loan Payments are due on the 11th day in each following calendar month with a final payment on December 11, 2025, save and except for the Deferred Loan Payments which the Borrower agrees to repay on the Deferred Loan Payment Date."

- (d) Section 5 of the Second Loan Agreement is hereby amended by adding the following as a new Section 5.5 in respect of the Deferred Loan Payments:

"5.5 Notwithstanding Section 5.1, Borrower shall pay interest on the Deferred Loan Payments to Lender at the Deferred Loan Payments Interest Rate calculated and payable from January 11, 2022 until repaid on the Deferred Loan Payment Date. The provisions of Section 5.2, 5.3 and 5.4 and the methods of interest calculation and consequences of non-payment shall apply equally to the Deferred Loan Payments, the Deferred Loan Payments Interest Rate and the Deferred Loan Payment Date."

- (e) The Borrower acknowledges that Exhibit B has not been updated to reflect the Deferred Loan Payments now being made on the Deferred Loan Payment Date, and that the column designated as "Remaining Payments Balance" in Exhibit B no longer reflects the balance of the Loan owing on account of the Deferred Loan Payments.

Section 2.2 Additional Provisions

- (a) The failure of the Borrower to make the original scheduled Loan Payments on January 11, 2022 and February 11, 2022 shall not constitute a Default under the Second Loan Agreement provided that the Deferred Loan Payments are paid by the Borrower on the Deferred Loan Payment Date. The Borrower hereby waives any right under Section 13.1 of the Second Loan Agreement to

receive notice of non-payment of those original scheduled Loan Payments on their original scheduled Loan Payment Dates.

- (b) The Borrower confirms that the Security granted by it under the Second Loan Agreement shall continue to be effective and enforceable notwithstanding the deferral of the original Loan Payment Date for the Deferred Loan Payments to the Deferred Loan Payment Date, and shall extend to and secure all additional indebtedness, liabilities and obligations of the Borrower arising under the extended payment term, including the additional interest arising from the Deferred Loan Payments Interest Date.
- (c) The forbearance or indulgence by the Lender in agreeing to the deferral of the Deferred Loan Payments contemplated by this Amendment No. 1 (i) shall not constitute a general waiver of the Obligations to which they apply or relate, and (ii) shall not constitute or be construed as an agreement or intention to agree to the deferral of the payment of any other regular scheduled Loan Payments on their respective Loan Payment Dates. The Lender makes no representations, covenants, agreements or acknowledgments in connection with any future requests of the Borrower, and time shall continue to be of the essence in the Second Loan Agreement.
- (d) For clarity, the Borrower and the Lender acknowledge that they are parties to a first loan and security agreement dated as of May 27, 2020 (the "**First Loan Agreement**"), and that this Amendment No. 1 does not amend any of the terms or provisions of the First Loan Agreement.
- (e) The Borrower shall have the right to prepay, without penalty, the Deferred Loan Payments and all accrued and unpaid interest relating thereto (as such amount may be determined by the Lender), at any time prior to the Deferred Loan Payment Date.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties.

The Borrower represents and warrants to the Lender that:

- (a) The representations and warranties set out in the Second Loan Agreement and the Security are true, complete and correct in all respects as at the date of this Amendment No. 1 except to the extent expressly stated to have been made only as of a specific date; and
- (b) Except as stated herein, there is no default or breach of any covenant, term or condition under the Second Loan Agreement and any other Loan Document which has occurred and is continuing as at the date of this Amendment No. 1.

ARTICLE 4 CONDITIONS PRECEDENT TO THIS AGREEMENT

Section 4.1 Conditions Precedent.

Upon the following events having occurred to the satisfaction of the Lender, this Amendment No. 1 shall come into effect and the Second Loan Agreement shall be amended to reflect the amendments contemplated herein:

- (a) the Lender shall have received this Amendment No. 1 executed by the Borrower;
- (b) the Lender shall have received from the Borrower a modified pre-authorized payment order (PAPP) with its bankers to transfer each Loan Payment on each Loan Payment Date (to reflect

the Deferred Loan Payments on the Deferred Loan Payments Date) to Lender's bank account maintained by Lender with Tandia Financial Credit Union Limited;

- (c) the Lender's Counsel shall have conducted search updates on the Borrower and confirmed that there are no mortgages, charges, security interests or other encumbrances ranking ahead of the Lender's Security on the assets of the Borrower except for Permitted Liens;
- (d) no development, event or circumstance has occurred since December 7, 2020 which in the opinion of the Lender has had, or would be reasonably likely to have, a material adverse effect on the Borrower or its operations;
- (e) except as stated herein, there is no default or breach of any covenant, term or condition under the Second Loan Agreement or any Security which has occurred and is continuing as at the date of this Amendment No. 1;
- (f) the payment of all legal fees, disbursements and applicable taxes of legal counsel to the Lender in connection with the Second Loan Agreement and this Amendment No. 1 as contemplated by Section 5.3 hereof; and
- (g) the Lender shall have received such other agreements, documents and instruments as the Lender or the Lender's Counsel shall reasonably require to effect the amendments contemplated in this Amendment No. 1.

ARTICLE 5 GENERAL

Section 5.1 Nature of this Amendment No. 1.

It is acknowledged and agreed that the terms of this Amendment No. 1 are in addition to and, unless otherwise specifically provided for, shall not limit, restrict, modify, amend or release any of the understandings, agreements or covenants as set out in the Second Loan Agreement. The Second Loan Agreement shall be read and construed in conjunction with this Amendment No. 1 and the Second Loan Agreement, as amended by this Amendment No. 1, together with all of the powers, provisions, conditions, covenants and agreements contained or implied in the Second Loan Agreement shall be and shall continue to be in full force and effect. References to the "Second Loan Agreement" or the "Agreement" in the Second Loan Agreement or in any other document delivered in connection with, or pursuant to, the Second Loan Agreement, shall mean the Second Loan Agreement, as amended by this Amendment No. 1. In the event of any conflict between this Amendment No. 1 and the Second Loan Agreement, this Amendment No. 1 shall govern.

Section 5.2 Waiver.

The conditions listed in Section 4.1 to this Amendment No. 1 may be waived by the Lender in whole or in part and with or without terms or conditions.

Section 5.3 Legal Fees

All reasonable legal and other fees and disbursements incurred by the Lender in connection with the completion of the transactions contemplated by this Amendment No. 1 including, without limitation, the drafting, preparation and negotiation of the agreements and other documents governing this transaction, advising the Lender thereon and closing and reporting upon the completion of the transaction shall be borne by the Borrower and shall be payable before this Amendment No. 1 become effective.

Section 5.4 Further Assurances.

The Borrower, from time to time, shall deliver or shall cause to be delivered to the Lender duly executed documents in form and substance satisfactory to the Lender as may be reasonably requested by the Lender for the purpose of giving effect to this Amendment No. 1 or for the purpose of establishing compliance with the representations, warranties and conditions of this Amendment No. 1, the Second Loan Agreement or the other Security contemplated under the Second Loan Agreement.

Section 5.5 Severability.

Any provision of this Amendment No. 1 which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 5.6 Time of Essence.

Time shall, in all respects, be of the essence of this Amendment No. 1.

Section 5.7 Assignment.

The Borrower shall not assign this Amendment No. 1 or any part hereof without the prior written consent of the Lender.

Section 5.8 Law Governing.

This Amendment No. 1 shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract. The parties hereby submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

Section 5.9 Successors and Assigns.

This Amendment No. 1 shall be binding on the Borrower and its successors and assigns, and will enure to the benefit of the Lender and its successors and assigns.

Section 5.10 Counterparts.

This Amendment No. 1 may be executed in multiple counterparts, each of which shall be deemed to be an original agreement and all of which shall constitute one agreement. All counterparts shall be construed together and shall constitute one and the same agreement. This Amendment No. 1, to the extent signed and delivered by means of electronic transmission (including, without limitation, facsimile, PDF and other electronic transmissions), shall be treated in all manner and respects as an original agreement and should be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

Section 5.11 No Novation.

Nothing in this Amendment No. 1, nor in the Second Loan Agreement when read together with this Amendment No. 1, shall constitute novation, payment, re-advance, or otherwise of any existing indebtedness, liabilities and obligations of the Borrower to the Lender.

Section 5.12 Continuing Effect of Security.

The Borrower acknowledges, confirms and agrees that: (i) all Security shall (i) remain in full force and effect as binding obligations enforceable against it notwithstanding the execution and delivery of this Amendment No. 1, and (ii) continue to secure all present and future indebtedness, liabilities and obligations of the Borrower to the Lender.

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties have executed this Amendment No. 1 as of the day and year first above written.

Lender:

2125028 ONTARIO INC.



Per:

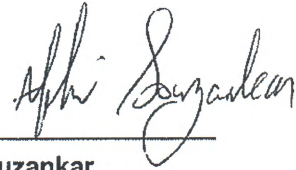
Name: DOUG WARD

Title: VICE PRESIDENT

I have the authority to bind the corporation

Borrower:

CANNAPIECE CORP.



Per:

Name: Afshin Souzankar

Title: CEO

I have the authority to bind the corporation

Per:



Name: Eric Akbar

Title: President

I have the authority to bind the corporation

**This is Exhibit "R" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square, black-and-white image of a handwritten signature, appearing to be the initials 'mf'.

A COMMISSIONER FOR TAKING AFFIDAVITS

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT (the “**Agreement**”) is made as of September 8, 2021 between **CANNAPIECE CORP.**, a corporation incorporated under the Act (“**CPC**”) and **CANNAPIECE GROUP INC.**, a corporation incorporated under the Act (“**CPG**” and, together with CPC, “**CannaPiece**”), on the one hand, and **2125028 ONTARIO INC.**, a corporation incorporated under the Act (“**2125028**”), on the other hand (collectively, the “**Parties**” and individually, a “**Party**”).

WHEREAS CPC is a wholly-owned subsidiary of CPG and CPG is a non-reporting, non-private issuer under Securities Laws (as defined below),

AND WHEREAS CPC and 2125028 are parties to an arrangement letter dated May 27, 2020 (the “**Arrangement Letter**”),

AND WHEREAS, pursuant to the Arrangement Letter, CPC was to provide monthly “arrangement fees” of \$250,000 each to 2125028 for a period of twenty-four (24) months commencing March 1, 2021,

AND WHEREAS as the sole shareholder of CPC, CPG derived certain benefits from CPC entering into the Arrangement Letter;

AND WHEREAS the Arrangement Letter Arrears and Indebtedness (as defined herein) are outstanding,

AND WHEREAS the Parties have agreed to a resolution whereby the Arrangement Letter Arrears and Indebtedness will be satisfied by CPG issuing shares to 2125028,

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the premises, covenants, and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties covenant and agree with each other as follows:

1. **Purchase and Sale of Common Shares.**

1.1. Sale and Issuance of Common Shares.

- a. Subject to the terms and conditions of this Agreement, 2125028 agrees to purchase at the Closing (as defined below) and CPG agrees to sell and issue to 2125028 at the Closing 925,926 Common Shares in the capital of CPG (the “**Shares**”).
- b. As consideration for the issuance of the Shares, 2125028 shall cancel the Arrangement Letter Arrears and Indebtedness (as defined below) and CPG shall add an amount equal to the Arrangement Letter Arrears and Indebtedness to the stated capital account maintained for the Common Shares of CPG. The subscription price for the Shares is confirmed to be \$1.62 per share.
- c. Nothing in this Agreement shall act as a waiver, novation, or forgiveness of any other indebtedness, obligations, or liabilities of CPC to 2125028 arising under

the Arrangement Letter or any other agreement, document, or other instrument (written or verbal) between CPC and/or CPG and 2125028.

1.2. Closing; Delivery.

- a. The initial purchase and sale of the Shares shall take place remotely via the exchange of documents and signatures contemporaneously with the execution of this Agreement (which time and place are designated as the “**Closing**”).
- b. At the Closing, CPG shall deliver to 2125028 a certificate representing the Shares against payment of the purchase price therefor by cancellation of the Arrangement Letter Arrears and Indebtedness.

2. Defined Terms Used in this Agreement.

2.1. The following terms used in this Agreement have the meanings set forth or referenced below.

- a. “**2125028**” has the meaning set out above.
- b. “**Act**” means the *Business Corporations Act* (Ontario).
- c. “**Agreement**” means this Settlement Agreement.
- d. “**Arrangement Letter**” has the meaning set out above.
- e. “**Arrangement Letter Arrears and Indebtedness**” means the aggregate amount of CAD\$1,500,000 being the monthly installments owing by CPG to 2125028 under the Arrangement Letter, which were due and payable on March 11, 2021, April 11, 2021, May 11, 2021, June 11, 2021, July 11, 2021 and August 11, 2021 and which are in arrears.
- f. “**Business Day**” means a day other than a Saturday, a Sunday, or a day that is observed as a statutory or bank holiday in the Province of Ontario.
- g. “**CPC**” has the meaning set out above.
- h. “**CPG**” has the meaning set out above.
- i. “**CannaPiece**” has the meaning set out above.
- j. “**Closing**” has the meaning set out in Section 1.2.a.
- k. “**Common Shares**” has the meaning set out in Section 3.2.
- l. “**Effective Date**” means the date hereof.
- m. “**Founders**” means, collectively, Ahmad (Ray) Rasouli, Afshin Souzankar, Ali Etemadi and Reza Khadem-Shahreza and their respective affiliates and associates have a direct or indirect equity interest in either of CPG or CPC, and each individually a “**Founder**”. The definition of “**Founders**” shall also include any family members of the foregoing individuals if and to the extent that they

have acquired or may acquire any shares in the capital of CPG for no consideration or nominal consideration.

- n. **“Loss”** means any loss, liability, damage, cost, expense, charge, fine, penalty or assessment, including: (i) the reasonable costs and expenses of any action, suit, proceeding, demand, assessment, judgment, settlement or compromise; (ii) all interest, fines and penalties; and (iii) all professional fees and disbursements on a 100%, complete indemnity basis, and including loss of value.
- o. **“Notice”** has the meaning set out in Section 9.6.
- p. **“Party”** or **“Parties”** has the meaning set out above.
- q. **“Securities Laws”** means the *Securities Act*, R.S.O. 1990, c. S.5 and the policies, orders, instructions, rules, instruments and regulations promulgated or adopted thereunder.
- r. **“Shareholders”** means, collectively, the shareholders of CPG as at the Closing Date, 2125028, and any person who, after the Effective Date, becomes shareholder of CPG.
- s. **“Shareholder Debt”** means all present and future indebtedness owing by CannaPiece to each Tag-Along Shareholder, excluding the secured indebtedness owed by CPC to 2125028.
- t. **“Shares”** has the meaning set out in Section 1.1.a.
- u. **“Subscription Agreement”** means the agreement between CPG and 2125028 dated as of the date of the Closing in the form of Exhibit B attached hereto.
- v. **“Tag-Along Percentage”** has the meaning set out in Section 6.1.
- w. **“Tag-Along Shareholder Number”** means the Tag-Along Percentage multiplied the number of shares held by a Tag-Along Shareholder who wishes to sell its shares upon receipt of a Tag-Along Notice.
- x. **“Tag-Along Shareholders”** means, collectively, 2125028, Lisa Johnson, Robert Craig Pinheiro, Andrew Pinheiro, Robert David Pinheiro, Kelly Pinheiro, RDP Fulfillment and 940539 Ontario Inc., and each individually a **“Tag-Along Shareholder”**.
- y. **“Tax Act”** means the *Income Tax Act* (Canada).
- z. **“Transaction Agreements”** means, collectively, this Agreement and the Subscription Agreement.

3. Representations and Warranties of CPG.

CPC and CPG jointly and severally hereby represent and warrant to 2125028 that, except as set forth on the Disclosure Schedule attached as Exhibit A to this Agreement, which exceptions

are deemed to be part of the representations and warranties made hereunder, the following representations are true and complete as of the date hereof, except as otherwise indicated. The Disclosure Schedule shall be arranged in sections corresponding to the numbered and lettered sections contained in this Section 3 and the disclosures in any section of the Disclosure Schedule shall qualify other sections in this Section 3 only if it is readily apparent from a reading of the disclosure that such disclosure is applicable to such other sections.

- 3.1. Organization, Good Standing, Corporate Power, and Qualification. Each of CPC and CPG is a corporation duly organized, validly existing, and in good standing under the Act and has all requisite corporate power and authority to carry on its business as presently conducted and as presently proposed to be conducted. Each of CPC and CPG is duly qualified to transact business and is in good standing in each jurisdiction in which it carries on business.
- 3.2. Capitalization.
 - a. The authorized capital of CPG consists, immediately prior to the Closing, of an unlimited number of common shares (the "**Common Shares**"). The outstanding Common Shares have been duly authorized, are fully paid and nonassessable, and were issued in compliance with all Securities Laws.
 - b. The authorized capital of CPC consists, immediately prior to the Closing, of an unlimited number of common shares (the "**CPC Shares**"). The outstanding CPC Shares have been duly authorized, are fully paid and nonassessable, and were issued in compliance with all Securities Laws.
 - c. Section 3.2(c) of the Disclosure Schedule sets forth the capitalization of CPG immediately following the Closing, including the number of shares of the following: (i) issued and outstanding Common Shares; (ii) outstanding share options, including vesting schedule and exercise price; (iii) Common Shares reserved for future award grants under any applicable stock option or other equity incentive plan; and, (iv) warrants or share purchase rights, if any. Except for the securities described in Section 3.2(c) of the Disclosure Schedule, there are no outstanding options, warrants, rights (including conversion or preemptive rights and rights of first refusal or similar rights), or agreements, orally or in writing, to purchase or acquire from CPG any Common Shares or any securities convertible into or exchangeable for Common Shares.
 - d. Immediately prior to Closing, the capitalization of CPC consists of 100 common shares, all of which are legally and beneficially owned by CPG. There are no outstanding options, warrants, rights (including conversion or preemptive rights and rights of first refusal or similar rights), or agreements, orally or in writing, to purchase or acquire from CPC any CPC Shares or any securities convertible into or exchangeable for CPC Shares.
 - e. CPG is not required to obtain any waivers of rights from other parties regarding the purchase by 2125028 of the Shares covered by this Agreement.
- 3.3. Authorization. All corporate action required to be taken by each of CPG's and CPC's board of directors and shareholders to authorize CPG and CPC to enter into the Transaction Agreements, and for CPG to issue the Shares at Closing, has been taken

or will be taken prior to the Closing. All action on the part of the officers of CPG and CPC necessary for the execution and delivery of the Transaction Agreements, the performance of all obligations of CPG and CPC under the Transaction Agreements to be performed as of Closing, and the issuance and delivery of the Shares has been taken or will be taken prior to Closing. The Transaction Agreements, when executed and delivered by CPG and CPC, shall constitute valid and legally binding obligations of CPG and CPC, enforceable against CPG and CPC in accordance with their respective terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other laws of general application relating to or affecting the enforcement of creditors' rights generally, or (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

- 3.4. Valid Issuance of Shares. The Shares, when issued, sold and delivered in accordance with the terms and for the consideration set forth in this Agreement, will be validly issued, fully paid and nonassessable and free of restrictions on transfer other than restrictions on transfer under the Transaction Agreements, CPG's constating documents, Securities Laws and liens or encumbrances created by or imposed by 2125028. Subject to the filings described in Section 3.5 below, the Shares will be issued in compliance with all Securities Laws.
- 3.5. Governmental Consents and Filings. No consent, approval, order, or authorization of, or registration, qualification, designation, declaration, or filing with, any federal or provincial governmental authority is required on the part of CPG or CPC in connection with the consummation of the transactions contemplated by this Agreement other than the filing of an exempt distribution report under applicable Securities Laws following the Closing.
- 3.6. Permits. CannaPiece has all material franchises, permits, licences, and any similar authority necessary for the conduct of its business. CannaPiece is not in default in any material respect under any of such franchises, permits, licences, or other similar authority.
- 3.7. Canadian-Controlled Private Corporation. CPG has been since its incorporation, and will be immediately after Closing, a Canadian-controlled private corporation as defined in the Tax Act.
- 3.8. Litigation. There is no claim, action, suit, proceeding, arbitration, complaint, charge or investigation (a "**Claim**") pending or, to CPG or CPC's knowledge, currently threatened against CPC or CPG, or against any officer, director or Founder of CPC or CPG, that would reasonably be expected to have, either individually or in the aggregate, liabilities to CPG or CPC in the amount equal to or greater than \$50,000. There is no Claim pending or, to CPG or CPC's knowledge, currently threatened against CPG or CPC that questions the validity of the Transaction Agreements or the right of CPG or CPC to enter into them, or to consummate the transactions contemplated by the Transaction Agreements. Neither CPG, CPC nor, to their knowledge, any of their respective officers, directors or Founders is a party or is named as subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality (which, in the case of officers, directors or Founders, relates to CPG or CPC). There is no action, suit, proceeding or investigation by CPG or CPC pending or which CPG or CPC intends to initiate. The

foregoing includes, without limitation, actions, suits, proceedings or investigations pending or threatened in writing (or any basis therefor known to CPG or CPC) involving the prior employment of any of CPG or CPC's employees, their services provided in connection with CPG or CPC's business, any information or techniques allegedly proprietary to any of their former employers or their obligations under any agreements with prior employers.

- 3.9. Compliance with Other Instruments. Other than under the Arrangement Letter, neither CPG or CPC is in violation or default (i) of any provisions of its constating documents, (ii) of any instrument, judgment, order, writ or decree, (iii) under any note, indenture, mortgage or hypothec, (iv) under any lease, agreement, contract or purchase order to which it is a party or by which it is bound, or (v) to its knowledge, of any provision of federal or provincial statute, rule or regulation applicable to CPG or CPC, in all cases the violation of which would have a liability to CPG or CPC in an amount equal to or greater than \$50,000. The execution, delivery and performance of the Transaction Agreements and the consummation of the transactions contemplated by the Transaction Agreements will not result in any such violation or be in conflict with or constitute, with or without the passage of time and giving of notice, either (i) a default under any such provision, instrument, judgment, order, writ, decree, contract or agreement; or (ii) an event that results in the creation of any lien, charge or encumbrance upon any assets of CPG or CPC or the suspension, revocation, forfeiture, or nonrenewal of any material permit or license applicable to CPG or CPC.

4. Conditions to 2125028's Obligations at Closing.

The obligations of 2125028 to purchase Shares at the Closing are subject to the fulfillment, on or before Closing, of each of the following conditions, unless otherwise waived.

- 4.1. Representations and Warranties. The representations and warranties of CPG and CPC contained in Section 3 will be true and correct in all respects as of Closing and shall survive the execution and delivery of this Agreement and the Closing.
- 4.2. Performance. Each of CPG and CPC will have performed and complied with all covenants, agreements, obligations, and conditions contained in this Agreement that are required to be performed or complied with by CPG and CPC on or before Closing.
- 4.3. Officer's Certificate of CPG. A senior officer of CPG will have delivered to 2125028 at the Closing a certificate certifying (i) the constating documents of CPG as in effect at the Closing, (ii) resolutions of the Board of Directors of CPG approving the Transaction Agreements and the transactions contemplated under the Transaction Agreements; (iii) certifying the attached shareholder register of CPG being accurate as of the Closing; and (iv) confirming that the requirements of Sections 4.1 and 4.2 have been satisfied by CPG in all respects.
- 4.4. Officer's Certificate of CPC. A senior officer of CPC will have delivered to 2125028 at the Closing a certificate certifying (i) the constating documents of CPC as in effect at the Closing, (ii) resolutions of the Board of Directors of CPC approving the Transaction Agreements and the transactions contemplated under the Transaction Agreements; (iii) certifying the attached shareholder register of CPC being accurate as of the Closing; and (iv) confirming that the requirements of Sections 4.1 and 4.2 have been satisfied by CPC in all respects.

- 4.5. Opinion of Counsel. 2125028 will have received from BGD Law, counsel for CPG and CPC, an opinion, dated as of the Closing, in form and substance reasonably acceptable to the 2125028 and its counsel.

The obligation of CPG to issue the Shares at the Closing is subject to the fulfillment, on or before Closing, of each of the following conditions, unless otherwise waived.

- 4.6. Subscription Agreement. 2125028 will have executed and delivered the Subscription Agreement to CPG.

5. Pre-emptive Rights.

Following the Closing, if (i) CPG proposes to issue any shares in its capital or other equity interest convertible into shares of CPG to any person; or (ii) CPC proposes to issue any shares in its capital or other equity interest convertible into shares of CPC to any person other than CPG (collectively, the “**New Shares**”) and provided such securities are being offered at a price less than or equal to \$1.62 per Common Share, then the following procedure will apply:

- 5.1. New Shares Notice. CPG or CPC (as applicable) must give notice in writing to 2125028 advising it of the number and class of New Shares proposed to be issued, and the price, terms and conditions of the New Shares offered to the third party (the “**New Shares Notice**”), and offering 2125028 the opportunity to subscribe for the number New Shares in the capital of CPG or CPC (as applicable) as will ensure that 2125028 will maintain its then-current proportionate equity interest in CPG (or its proportionate indirect ownership interest in CPC), which subscription will be on the same terms offered to the third party.
- 5.2. Acceptance Notice. 2125028 will have ten (10) business days after receipt of the New Shares Notice (the “**Acceptance Period**”) within which to give CPG or CPC written notice of its intention to purchase New Shares on the terms and conditions set out in the New Shares Notice (the “**Acceptance Notice**”). If 2125028 fails to deliver an Acceptance Notice as provided in this Section 5.2, it will be deemed to have declined the right to purchase New Shares.
- 5.3. New Shares Closing Date. The transaction of purchase and sale contemplated by the New Shares Notice will be completed by 2125028 and CPG no later than five (5) business days after the expiry of the Acceptance Period.
- 5.4. Pre-Emptive Rights Do Not Apply. The pre-emptive rights described in this Section 5 do not apply to any issue by CPG of shares:
- a. under an option or other equity-based right granted by CPG to any employee or consultant of CPG or CPC (other than a Founder), whether prior to or after the date of this Agreement, as part of the compensation to such person for bona fide services provided to CPG or CPC;
 - b. under an option or other equity-based right granted by CPG to any Founder after the date of this Agreement as part of the compensation to such person for bona fide services provided to CPG or CPC, provided that the exercise price or subscription price is not less than \$1.62/share;

- c. upon the exercise of any option or conversion right granted prior to the date of this Agreement and described in the Disclosure Schedule or in the shareholders' register of CPG delivered to 2125028 in conjunction with the transaction provided for under this Agreement; or
 - d. in connection with the termination of commitments entered into by CPG, CPC and/or their affiliate with third parties (other than any securities to be issued to the Founders in connection with the termination of such commitments), pursuant to which such third parties agreed to lease and occupy a micro-grow unit in a CannaPiece facility.
- 5.5. Term of Pre-emptive Rights. The pre-emptive rights contemplated by this Section 5 will come into force and effect as of the date of completion of the Subscription Agreement and will continue in force until the earlier of:
- a. the date on which only one Shareholder holds all of the Shares and no other Shareholders have any rights to acquire Shares;
 - b. the date on which CPG or CPC is dissolved in accordance with the Act or makes an assignment in bankruptcy or on which a receiving order is issued with respect to CPG or CPC;
 - c. the filing of a final prospectus (or similar document, but excluding an offering memorandum) in respect of a public offering of the Shares, or the conclusion of any transaction pursuant to which the shares of CPG are listed for trading on a stock exchange or quotation system in Canada or the United States;
 - d. the date on which 2125028 is no longer a shareholder of CPG; or
 - e. the date on which CPG and 2125028 mutually agree to terminate the pre-emptive right.

6. Tag-Along Right.

If any Founder becomes entitled to sell or otherwise transfer (in any one or more transactions) more than 10% of the Founder's Shares (the "**Offered Shares**") to a third party, then each Tag-Along Shareholder will have the right (the "**Tag-Along Right**") to participate in the sale to the third party on the following terms and conditions:

- 6.1. Tag-Along Notice. The Founder will immediately notify each Tag-Along Shareholder in writing (the "**Tag-Along Notice**") that each Tag-Along Shareholder has the Tag-Along Right provided under this Section 6 and the percentage of such Founder's shares that are being sold (the "**Tag-Along Percentage**") and the total number of shares that the third party is willing to purchase from such Founder (the "**Tag-Along Total Shares**"). Each Tag-Along Shareholder will be entitled to sell to the third party a number of shares in the capital of CPG equal to: (i) the Tag-Along Shareholder Number of such Tag-Along Shareholder; divided by (ii) the sum of the Tag-Along Shareholder Numbers for all of the Tag-Along Shareholders participating in the sale plus the Tag-Along Total Shares; with the result multiplied by (iii) the Tag-Along Total Shares;
- 6.2. Shareholder Debt. If any Shareholder Debt is outstanding to a Tag-Along Shareholder,

that Tag-Along Shareholder's Tag-Along Right will also include the right to require the third party to purchase for cash the same proportion of that Shareholder Debt as referenced in Section 6.1.

- 6.3. Exercise Notice. Each Tag-Along Shareholder will have 10 business days after receipt of the Tag-Along Notice to exercise its Tag-Along Right by written notice to the Founder specifying the number and class of shares and the amount of Shareholder Debt that each Tag-Along Shareholder elects to sell to the third party.
- 6.4. Tag-Along to Third Party. If a Tag-Along Shareholder exercises its Tag-Along Right, the Founder may not complete the Transfer of the Offered Shares to the third party unless the third party also purchases from the Tag-Along Shareholders the Shares (collectively, the "**Tag-Along Shares**") and Shareholder Debt in respect of which the Tag-Along Right was exercised at the same time and on the same terms and conditions.
- 6.5. Pricing of Shares. The price that the third party must pay to each Tag-Along Shareholder for its Tag-Along Shares will be the price payable per share for the Offered Shares.
- 6.6. Failure to Complete. If the third party does not purchase the Tag-Along Shares and Shareholder Debt, if any, from a Tag-Along Shareholder on the terms and conditions provided for in this Section 6, then the purchase and sale of the Offered Shares from the Founder to the third party will not be completed. If the Founder completes the purchase and sale of all or part of the Offered Shares to the third party in violation of this Section 6, then the Tag-Along Shareholder will have, in addition to any other rights or remedies that they may have in law or at equity, the right, by notice in writing, to put their Tag-Along Shares and Shareholder Debt, if any, to the Founder at the prices determined under this Section 6. CPG and CPC shall take all steps and use best efforts to ensure that the Founders comply with the provisions set out in this Section 6.
- 6.7. Term. The term of the Tag Along Right shall be the same as the term of the pre-emptive rights described in Section 5.5 above.

7. **Liquidation Events.**

- 7.1. Liquidation Events. For the purposes of this Section 7, each of the following events shall be considered a "**Liquidation Event**":
 - a. a liquidation, dissolution or winding-up of either of CPG or CPC, whether voluntary or involuntary, or any other distribution of the assets of CPG or CPC among its shareholders for the purpose of winding up its affairs,
 - b. an amalgamation, arrangement, consolidation, merger, reorganization or similar transaction in which either of CPG or CPC is a constituent party and CPG or CPC issues shares in its capital pursuant to such amalgamation, arrangement, consolidation, merger, reorganization or similar transaction, except any such amalgamation, arrangement, consolidation, merger, reorganization or similar transaction involving CPC in which the shares in the capital of CPC outstanding immediately prior to such amalgamation, arrangement, consolidation, merger, reorganization or similar transaction continue to represent, or are converted into or exchanged for shares that represent, immediately following such amalgamation, arrangement, consolidation, merger, reorganization or similar transaction, at least a

majority, by voting power, of the shares in the capital of the surviving or resulting corporation;

- c. the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by either of CPG or CPC of all or substantially all of the assets of CPG or CPC (as applicable), taken as a whole, or
- d. the sale or disposition (whether by sale, amalgamation, arrangement, consolidation, merger, reorganization or otherwise), in a single transaction or a series of related transaction, by CPG of the issued and outstanding shares in the capital of CPC held by CPG.

7.2. Effect of Liquidation Event. Neither CPG nor CPC shall enter into any agreement in respect of, nor consummate, a Liquidation Event referred to in Section 7.1 unless the definitive agreement for such transaction provides (or the Tag-Along Shareholders agree otherwise in their sole discretion) that the Tag-Along Shareholders shall receive at the closing of the Liquidation Event in respect of all of the shares in the capital of CPG held by them, an amount in cash or freely tradeable marketable securities (listed on either the TSX, TSXV, NYSE or equivalent stock exchange) equal to the price per share allocable to the shareholders of CPG based on the proceeds realized in conjunction with the Liquidation Event. For greater certainty, the price per share allocable to the shareholders of CPG will be calculated by taking the proceeds realized (if not paid directly to the shareholders of CPG, then the amounts received by CPG or CPC or any of their affiliates) and dividing such amount by the number of issued and outstanding shares of CPG and multiplying the result by the number of shares of CPG held by the Tag-Along Shareholders, provided that such amount is equal to, or greater than, the fair value of the shares of CPG at the time of such transaction.

7.3. Term. The term of the rights described in this provision shall be the same as the term of the pre-emptive rights described in Section 5.5 above.

8. Indemnification.

CPG and CPC will jointly and severally indemnify and hold harmless Tag-Along Shareholders from any Loss that the Tag-Along Shareholders may suffer as a result of:

- 8.1. any breach of any representation or warranty made by CPG or CPC in this Agreement; and
- 8.2. any non-performance of any covenant or agreement of CPG or CPC contained in this Agreement.

9. Miscellaneous.

- 9.1. Survival of Warranties. Unless otherwise set forth in this Agreement, the representations, warranties and covenants of CPG and CPC contained in this Agreement shall survive the execution and delivery of this Agreement and the Closing.
- 9.2. Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the Parties. Nothing in this Agreement, express or implied, is intended to confer upon any

party other than the Parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

- 9.3. Governing Law. This Agreement shall be governed by the laws of the Province of Ontario without regard to conflict of law principles that would result in the application of any law other than the law of the Province of Ontario and the federal laws of Canada applicable therein.
- 9.4. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with applicable law, e.g., www.docusign.com) or other transmission method and any counterpart so delivered is deemed to have been duly and validly delivered and be valid and effective for all purposes.
- 9.5. Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.
- 9.6. Notices. All notices, requests, consents, claims, demands, waivers, and other communications under this Agreement (each, a "**Notice**") must be in writing and addressed to the other Party as set out below (or as otherwise specified by a Party in a Notice given in accordance with this Section.) Notices that are sent in accordance with this Section will be deemed to be effectively given: (a) when received, if delivered by hand, with signed confirmation of receipt; (b) when received, if sent by a nationally-recognized overnight courier, signature required; and, (c) when sent, if sent by email during the addressee's normal business hours and on the next Business Day if sent after the addressee's normal business hours.

- a. If to CannaPiece:

302-100 Allstate Parkway
Markham, Ontario
L3R 6H3
Attention: Afshin Souzankar, CEO
Email: afshin@cannapiece.ca

With a copy to:

Attention: Jennifer Quick, General Counsel
Email: jquick@cannapiece.ca

- b. If to 2125028:

1725 McPherson Court
Pickering, Ontario
L1W 3E9

Attention: Robert Pinheiro
Email: robert_pinheiro@rdp1.com

With a copy to:

Gowling WLG (Canada) LLP
1 Main St W
Hamilton, Ontario
L8P 4Z5

Attention: Matthijs Van Gaalen
Email: Matthijs.Vangaalen@gowlingwlg.com

- 9.7. Amendments and Waivers. Any term of this Agreement may be amended, terminated, or waived only with the written consent of CannaPiece and 2125028.
- 9.8. Fees and Expenses. At the Closing, CPC shall pay the reasonable fees and expenses of Gowling WLG (Canada) LLP, the counsel for 2125028, up to a maximum amount of CAD\$**6,750** including applicable taxes.
- 9.9. Currency. Unless otherwise specified, the word “dollar” and the “\$” sign refer to Canadian currency, and all amounts to be advanced, paid, tendered or calculated under this Agreement are to be advanced, paid, tendered or calculated in Canadian currency.
- 9.10. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.
- 9.11. Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any Party under this Agreement, upon any breach or default of any other Party under this Agreement, shall impair any such right, power, or remedy of such non-breaching or non-defaulting Party or be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; no waiver of any single breach or default shall be deemed to be a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent, or approval of any kind or character on the part of any Party of any breach or default under this Agreement, or any waiver on the part of any Party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any Party, shall be cumulative and not alternative.
- 9.12. Entire Agreement. This Agreement, including all schedules, exhibits, attachments, or appendices hereto, and the Subscription Agreement (which is hereby incorporated by reference), and any amendment thereto, constitute the entire agreement between the Parties and supersede all prior and contemporaneous agreements, understandings, negotiations, and discussions, whether written or oral, with respect to the subject-matter hereof. There are no conditions, covenants, agreements, representations, warranties, or other provisions, express or implied, collateral, statutory, or otherwise, relating to the subject-matter hereof except as provided in this Agreement or the Subscription Agreement.
- 9.13. Dispute Resolution. Any legal suit, action, litigation, or proceeding of any kind whatsoever in any way arising out of, from or relating to this Agreement, including all

exhibits, schedules, attachments, and appendices attached to this Agreement, and all contemplated transactions, shall be instituted in the courts of the province of Ontario and each Party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action, litigation, or proceeding. Service of process, summons, notice, or other document by mail to such Party's address set forth herein shall be effective service of process for any suit, action, litigation, or other proceeding brought in any such court. Each Party agrees that a final judgment in any such suit, action, litigation, or proceeding is conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.


[signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

CANNAPIECE CORP.

By: 

Ali Etemadi
CIO

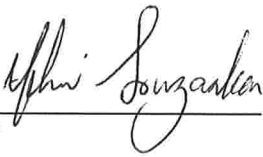
By: 

Afshin Souzankar
CEO

CANNAPIECE GROUP INC.

By: 

Ali Etemadi
CIO

By: 

Afshin Souzankar
CEO

2125028 ONTARIO INC.

By: _____
Name: Robert Pinheiro
Title: President

Acknowledged and agreed to by the Tag-Along Shareholders:

RDP FULFILLMENT

Per: _____
Authorized Signatory

940539 ONTARIO INC.

Per: _____
Authorized Signatory

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

CANNAPIECE CORP.

By: _____
Ali Etemadi
CIO

By: _____
Afshin Souzankar
CEO

CANNAPIECE GROUP INC.

By: _____
Ali Etemadi
CIO

By: _____
Afshin Souzankar
CEO

2125028 ONTARIO INC.

By: _____
Name: Robert Pinheiro
Title: President

Acknowledged and agreed to by the Tag-Along Shareholders:

RDP FULFILLMENT

Per: _____
Authorized Signatory
PRESIDENT

940539 ONTARIO INC.

Per: _____
Authorized Signatory

DocuSigned by:
Lisa Johnson
EA8302CC6E3DC47A

(Signature)

LISA JOHNSON

(Name)

Robert Pinheiro

(Signature)

ROBERT CRAIG PINHEIRO

(Name)

Andrew Pinheiro

(Signature)

ANDREW PINHEIRO

(Name)

Robert David Pinheiro

(Signature)

ROBERT DAVID PINHEIRO

(Name)

DocuSigned by:
Kelly Pinheiro
7D744069228F473..

(Signature)

KELLY PINHEIRO

(Name)

[Signature Page to Share Purchase Agreement]

EXHIBITS

Exhibit A -

DISCLOSURE SCHEDULE

Exhibit B -

SUBSCRIPTION AGREEMENT

EXHIBIT A

DISCLOSURE SCHEDULE

This Disclosure Schedule is made and given pursuant to Section 3 of the Settlement Agreement, dated as of September 8, 2021 (the "**Agreement**"), between **CANNAPIECE CORP.** ("**CPC**") and **CANNAPIECE GROUP INC.** ("**CPG**" and, together with CPC, "**CannaPiece**"), on the one hand, and **2125028 ONTARIO INC.** ("**2125028**"), on the other hand. All capitalized terms used but not defined herein shall have the meanings as defined in the Agreement, unless otherwise provided. The section numbers below correspond to the section numbers of the representations and warranties in the Agreement; provided, however, that any information disclosed under any section number is deemed to be disclosed and incorporated into any other section number under the Agreement where such disclosure would be appropriate and such appropriateness is reasonably apparent from the face of such disclosure. Nothing in this Disclosure Schedule is intended to broaden the scope of any representation or warranty contained in the Agreement or to create any covenant. Inclusion of any item in this Disclosure Schedule (1) does not represent a determination that such item is material or establish a standard of materiality, (2) does not represent a determination that such item did not arise in the ordinary course of business, (3) does not represent a determination that the transactions contemplated by the Agreement require the consent of third parties, and (4) shall not constitute, or be deemed to be, an admission to any third party concerning such item.

Section 3.8 – Litigation

See attached

Exhibit A

Disclosure Schedule

Section 3.08 – Litigation (as at 06Sep2021)

Title/Parties	Court File #	Description	Status	Next Step
<i>CannaPiece Group Inc. vs Ovandi Inc.</i>	CV-20-00652705-0000	<p>Plaintiff claiming damages for "breach of contract and misrepresentation" in the amount of \$5,000,000 arising out of an alleged share purchase agreement.</p> <p>CPG has denied all allegations, there being no factual or legal basis for the action. While the parties did have discussions about a potential business relationship, the plaintiff terminated those discussions before an agreement was reached between the parties.</p>	<p>Defence delivered in January 2021.</p> <p>No Reply received.</p> <p>No steps by plaintiff until it advised in July that it wished to amend its claim to add a plaintiff in an attempt to fix its claim.</p> <p>CPG's position is that the amendment will not cure the factual and legal void, but it is not a controversial amendment and the plaintiff is still within the limitation period and, so, is not worth fighting against the amendment at this stage.</p>	<p>Awaiting service of plaintiff's amended claim (on consent), following which CPG will deliver its amended Defence.</p> <p>CPG considering security for costs motion and summary judgment motion thereafter.</p>
CannaPiece Corp. and 1232926 B.C. Ltd.	N/A	1232926 has alleged that CPC owes it \$168,623 (plus interest) pursuant to a licensing agreement.	Parties are holding three days of contract-mandated resolution meetings. If no resolution is achieved, then the parties will proceed to arbitration (having waived their recourse to the courts).	Resolution meetings on September 10, 13, and 17.
CannaPiece Corp. and a former employee	N/A	Administrative assistant employment terminated in May 2021. Former employee has demanded, via counsel, payment of an additional notice period, totalling \$3,942.30.	<p>Demand letter received 18May2021.</p> <p>Discussion held with former employee's counsel.</p> <p>In abeyance/silent for the past 8 weeks.</p>	N/A

EXHIBIT B

FORM OF SUBSCRIPTION AGREEMENT

SUBSCRIPTION AGREEMENT FOR COMMON SHARES

TO: Cannapiece Group Inc. (the “Corporation”)

The undersigned (hereinafter referred to as the “Subscriber”) hereby irrevocably subscribes for and agrees to purchase the number of Common Shares (“Shares”) in the capital of the Corporation set forth below for the aggregate subscription price set forth below (the “Aggregate Subscription Price”), representing a subscription price of \$1.62 per Share, upon and subject to the terms and conditions set forth in the “Terms and Conditions of Subscription for Shares of Cannapiece Group Inc.” attached hereto (together with this page and the attached Exhibits, the “Subscription Agreement”). In addition to this face page, the Subscriber must also complete all applicable Exhibits attached hereto.

2125028 Ontario Inc. _____ (Name of Subscriber - please print)
By: _____ (Authorized Signature)
President _____ (Official Capacity or Title - please print)
Robert Pinheiro _____ (Please print name of individual whose signature appears above if different than the name of the Subscriber printed above.)
1725 McPherson Court _____ (Subscriber’s Residential Address)
Pickering, ON L1W 3E9 _____
905-937-9394 ext. 224 _____ (Telephone Number)
robert_pinheiro@rdpl.com _____ (E-Mail Address)
Register the Shares as set forth below: (if different from above)
_____ (Name)
_____ (Account reference, if applicable)
_____ (Address)
_____ (E-Mail Address)
<u>Is the Subscriber (or the Disclosed Beneficial Purchaser, if applicable), a registrant as that term is defined in the Securities Act (Ontario) (check one):</u> <input type="checkbox"/> Yes <input type="checkbox"/> No If no indication is made, the Subscriber represents that the Subscriber (or the Disclosed Beneficial Principal, if applicable) is not a registrant.

Number of Common Shares: <u>925,926</u>
--

Aggregate Subscription Price: \$1,500,000.00 (No. of Shares x \$1.62 per Share)

<u>Disclosed Beneficial Purchaser Information:</u> If the Subscriber is signing as agent for a principal pursuant to section 2(h)(i) (the “Disclosed Beneficial Purchaser”), complete the following and ensure that Exhibit 1 (and Exhibit 2, if applicable) is completed on behalf of such Disclosed Beneficial Purchaser or initial the applicable paragraph (ii) or (iii) of section 2(g) (and ensure that Exhibits 3, 4, 5 or 6, as applicable, are completed) on behalf of such Disclosed Beneficial Purchaser: _____ (Name of Disclosed Beneficial Purchaser) _____ (Disclosed Beneficial Purchaser’s Residential Address) _____ (Disclosed Beneficial Purchaser’s Telephone Number and E-mail)

<u>Deliver the Shares as set forth below:</u> (if different from above)
_____ (Name)
_____ (Account reference, if applicable)
_____ (Contact Name)
_____ (Address)

<u>Is the Subscriber (or the Disclosed Beneficial Purchaser, if applicable) an insider of the Corporation as that term is defined in the Securities Act (Ontario) (check one):</u> <input type="checkbox"/> Yes <input type="checkbox"/> No If no indication is made, the Subscriber represents that the Subscriber (or the Disclosed Beneficial Principal, if applicable) is not an insider.

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

Dated: September 8, 2021

Cannapiece Group Inc.

By: _____

Name: Afshin Souzankar

Title: Chief Executive Officer

**TERMS AND CONDITIONS OF SUBSCRIPTION FOR
SHARES OF CANNAPIECE GROUP INC.**

Terms of the Offering

1. The Corporation's acceptance of the Subscriber's subscription for the Shares and the issuance and sale of the Shares to the Subscriber pursuant hereto is conditional upon: (i) the completion and delivery of all documentation relating to this subscription, in form and substance reasonably satisfactory to counsel for the Corporation; (ii) satisfaction of the Aggregate Subscription Price in full in the manner provided herein; (iii) the Subscriber's subscription being approved by resolution of the Corporation's board of directors; and (iv) such issue and sale being exempt from the prospectus and registration requirements of applicable securities laws.

Representations, Warranties and Covenants of the Subscriber

2. The Subscriber (on its own behalf and, if applicable, on behalf of each Disclosed Beneficial Purchaser) represents, warrants and covenants to the Corporation and its counsel (and acknowledges that the Corporation and its counsel are relying thereon) that both at the date hereof and at the Closing Date (as defined herein):

- (a) it understands that an investment in the Shares is highly speculative and that such investment should be made only by those who have sufficient financial resources to afford a total loss of their investment;
- (b) it has been independently advised as to restrictions with respect to trading in the Shares imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Corporation with respect thereto other than as set forth herein, acknowledges that it is aware of the characteristics of the Shares, the risks relating to an investment therein and of the fact that it may not be able to resell the Shares except in accordance with the limited exemptions under applicable securities laws and regulatory policy until expiry of the applicable restricted period and compliance with the other requirements of applicable law; and it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it and that it is the Subscriber's responsibility to comply with such restrictions before selling the Shares;
- (c) it acknowledges that the Corporation is not now a "reporting issuer" under the securities laws of any province or territory in Canada, that the Corporation has no obligation to become a reporting issuer and that there is no guarantee that it will become a reporting issuer in the future; and the Subscriber further acknowledges that as a result of the Corporation not being a reporting issuer the Shares will be subject to an indefinite "restricted period" under applicable Canadian securities laws of 4 months from the later of the Closing Date and the date the Corporation becomes a reporting issuer under the securities laws of any province or territory of Canada, during which time the Subscriber may not trade the Shares without filing a prospectus or being able to rely on one of the limited exemptions from the requirement to file a prospectus under applicable securities laws, and the Subscriber acknowledges that the certificate representing the Shares will bear the following legend:

"Unless permitted under securities legislation, the holder of this security must not trade the security before the date that is 4 months and a day after the later of (i) [Closing Date] and (ii) the date the issuer became a reporting issuer in any province or territory";
- (d) it has not received or been provided with, nor has it requested, nor does it have any need to receive, any offering memorandum, any prospectus, sales or advertising literature, or any other document (other than required by law) describing or purporting to describe the business and affairs of the Corporation which has been prepared for delivery to, and review by, prospective purchasers in order to assist them in making an investment decision in respect of the Shares, other than a copy of the Corporation's investor slide presentation;
- (e) if the Subscriber is a U.S. Purchaser, it has not become aware of nor has it purchased the Shares as a result of: (i) a general solicitation; (ii) any advertisement in printed media of general and regular paid circulation (or other printed media), radio, television or telecommunications or other form of advertisement (including

electronic display and the internet); or (ii) any seminar or meeting whose attendees have been invited by general solicitation or general advertising;

- (f) it understands that the Shares are being offered for sale only on a “private placement” basis and that the sale and delivery of the Shares is conditional upon such sale being exempt from the requirements under applicable securities laws as to the filing or delivering of a prospectus, or relying upon exemptions from prospectus requirements that do not involve the delivery of an offering memorandum or upon the issuance of such orders, consents or approvals as may be required to permit such sale without the requirement of filing or delivering a prospectus or offering memorandum and, as a consequence: (i) the Subscriber is restricted from using most of the civil remedies available under securities legislation; (ii) the common law may not provide it with an adequate remedy in the event that it suffers a loss in connection with this subscription; (iii) the Subscriber may not receive information that would otherwise be required to be provided to it under securities legislation; and (iv) the Corporation is relieved from certain obligations that would otherwise apply under securities legislation;
- (g) if it is a resident of Canada and unless it is purchasing under section 2(h), it is purchasing the Shares as principal for its own account, not for the benefit of any other person, for investment only and not with a view to the resale or distribution of all or any of the Shares, it is resident in the jurisdiction as set out as the “Subscriber’s Residential Address” on the face page hereof and it fully complies with one or more of the criteria set forth below:
- (i) it is an “accredited investor”, as such term is defined in National Instrument 45-106, *Prospectus Exemptions* (“**NI 45-106**”) promulgated under Canadian securities legislation, or for residents of Ontario, Section 73.3 of the *Securities Act* (Ontario), it was not created and is not being used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of “accredited investor” in NI 45-106 and has concurrently executed and delivered a Representation Letter attached as Exhibit 1 to this Subscription Agreement and specifically represents and warrants that one or more of the categories set forth in Appendix A attached to the Representation Letter correctly, and in all respects, describes the Subscriber, and will describe the Subscriber as at the Closing Date, and the Subscriber has so indicated by initialling or placing a checkmark next to the category in such Appendix A which so describes it, and if the Subscriber is an individual described in paragraphs (j), (k) or (l) of the definition of “accredited investor” (and is not described in paragraph (j.1) of the definition of “Accredited Investor”), then the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 2 to this Subscription Agreement;
- (ii) it is one of the following and the Subscriber has so indicated by initialling or placing a checkmark next to the applicable paragraph below:
- _____ (I) a “**director**”, “**executive officer**” or “**control person**” (as such terms are defined in NI 45-106 or under applicable securities laws and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) of the Corporation, or of an “**affiliate**” (as defined under applicable securities laws and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) of the Corporation **and if the Subscriber is resident in Ontario, it is not an investment fund (as defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) and the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 4 to this Subscription Agreement; or**
- _____ (II) a “**spouse**” (as such term is defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement), parent, grandparent, brother, sister, child or grandchild of any person referred to in paragraph (I) above and if the Subscriber is resident in Ontario, it is not an investment fund (as defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement), **or, if the Subscriber is resident in Ontario, as defined in the**

Securities Act (Ontario), and the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 4 to this Subscription Agreement; or

- _____ (III) a parent, grandparent, brother, sister, child or grandchild of the spouse of any person referred to in paragraph (I) above **and if the Subscriber is resident in Ontario, it is not an investment fund and the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 4 to this Subscription Agreement; or**
- _____ (IV) a “close personal friend” of any person referred to in paragraph (I) above and, if requested by the Corporation, will provide a signed statement describing the relationship with any such persons. For the purposes of this paragraph (IV), “close personal friend” means that the Subscriber has known such individual well enough and for a sufficient period of time and in a sufficiently close relationship (where such relationship is direct and extends beyond being a relative or a member of the same club, organization, association or religious group, a co-worker, colleague or associate at the same workplace, a client, customer or former client or former customer, a mere acquaintance, being connected through some form of social media, such as Facebook, Twitter or LinkedIn or being a close personal friend of a close personal friend of such individual) to be in a position to assess the capabilities and the trustworthiness of such individual and to obtain information from them with respect to the investment **and if the Subscriber is resident in Saskatchewan, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 3 to this Subscription Agreement or if the Subscriber is resident in Ontario, it is not an investment fund and the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 4 to this Subscription Agreement; or**
- _____ (V) a “close business associate” of any person referred to in paragraph (I) above and, if requested by the Corporation, will provide a signed statement describing the relationship with any of such persons. For the purposes of this paragraph (V) “close business associate” means that the Subscriber has had sufficient prior business dealings with such individual (where such relationship is direct and extends beyond being a casual business associate or a person introduced or solicited for the purpose of purchasing securities or a member of the same club, organization, association or religious group, a co-worker, colleague or associate at the same workplace, a client, customer or former client or former customer, a mere acquaintance or being connected through some form of social media, such as Facebook, Twitter or LinkedIn or being a close business associate of a close business associate of such individual) to be in a position to assess the capabilities and trustworthiness of such individual and to obtain information from them with respect to the investment **and if the Subscriber is resident in Saskatchewan, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 3 to this Subscription Agreement or if the Subscriber is resident in Ontario, it is not an investment fund and the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 4 to this Subscription Agreement; or**
- _____ (VI) a “founder” (as such term is defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) of the Corporation or a spouse, parent, grandparent, brother, sister, child, grandchild, close personal friend or close business associate of a founder of the Corporation and, if requested by the Corporation, will provide a signed statement describing the relationship

with any of such persons **and if the Subscriber is resident in Saskatchewan and is a close personal friend or close business associate of a founder of the Corporation, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 3 to this Subscription Agreement or if the Subscriber is resident in Ontario, it is not an investment fund and the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 4 to this Subscription Agreement;** or

_____ (VII) a parent, grandparent, brother, sister, child or grandchild of a spouse of a founder of the Corporation **and if the Subscriber is resident in Ontario, it is not an investment fund and the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 4 to this Subscription Agreement;** or

_____ (VIII) a person of which a majority of the voting securities are beneficially owned by, or a majority of directors are, persons described in paragraphs (I) through (VII) above **and if the Subscriber is resident in Saskatchewan and the trade is based in whole or in part on a close personal friendship or close business association, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 3 to this Subscription Agreement or if the Subscriber is resident in Ontario, it is not an investment fund and the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 4 to this Subscription Agreement;** or

_____ (IX) a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons described in paragraphs (I) through (VII) above **and if the Subscriber is resident in Saskatchewan and the trade is based in whole or in part on a close personal friendship or close business association, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 3 to this Subscription Agreement or if the Subscriber is resident in Ontario, it is not an investment fund and the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 4 to this Subscription Agreement;** or

(iii) it is one of the following and the Subscriber has so indicated by initialling or placing a checkmark next to the applicable paragraph below:

_____ (I) an employee, “**executive officer**”, “**director**” or “**consultant**” (as such terms are defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) of the Corporation and participation in the distribution is “voluntary”, meaning it is not induced to participate in the distribution by expectation of employment or continued employment with, appointment or continued appointment with, or engagement to provide services or continued engagement to provide services to, as applicable, the Corporation or a “**related entity**” (as such term is defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) or in the case of an employee or a consultant, expectation of employment or continued employment with such consultant; or

_____ (II) an employee, “**executive officer**”, “**director**” or “**consultant**” of a “**related entity**” (as such terms are defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) of the Corporation and participation in the trade is voluntary (as defined above); or

- _____ (III) a “**permitted assign**” (as such term is defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) of a person referred to in paragraphs (I) or (II) and participation in the trade is voluntary (as defined above); and

it confirms that it is eligible to purchase the Shares pursuant to an exemption from the prospectus requirements of applicable securities laws and has completed and delivered to the Corporation the applicable Exhibits described in subsections (g)(i), (g)(ii) and (g)(iii), as applicable, evidencing the Subscriber’s status under applicable securities laws, and:

- (iv) confirms that it complies with the criteria for reliance on the prospectus exemption and the truth and accuracy of all statements made in such Exhibits as of the date of this Subscription Agreement and as of the Closing Date;
 - (v) understands that the Corporation is required to verify that the Subscriber (or if the Subscriber is acting on behalf of a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser) satisfies the relevant criteria to qualify for the prospectus exemption; and
 - (vi) may be required to provide additional information or documentation to evidence compliance with the prospectus exemption;
- (h) if it is a resident of Canada and if it is not purchasing as principal, it is duly authorized to enter into this Subscription Agreement and to execute and deliver all documentation in connection with the purchase on behalf of each Disclosed Beneficial Purchaser, each of whom is purchasing as principal for its own account, not for the benefit of any other person, and not with a view to the resale or distribution of all or any of the Shares, it acknowledges that the Corporation may be required by law to disclose to certain regulatory authorities the identity of each Disclosed Beneficial Purchaser, and it and each Disclosed Beneficial Purchaser is resident in the jurisdiction set out as the “Subscriber’s Residential Address” or the “Disclosed Beneficial Purchaser’s Residential Address”, as applicable and:
- (i) it is acting as agent for a Disclosed Beneficial Purchaser, who is disclosed on the face page of this Subscription Agreement, who is resident in the jurisdiction set out as the “Disclosed Beneficial Purchaser’s Residential Address” and who complies with paragraphs (i), (ii) or (iii) of section 2(g) hereof as if all references therein were to the Disclosed Beneficial Purchaser rather than to the Subscriber and the Subscriber has concurrently executed and delivered a Representation Letter attached as Exhibit 1 to this Subscription Agreement on behalf of such Disclosed Beneficial Purchaser (and executed and delivered Exhibit 2, if applicable) or initialled or placed a checkmark next to the appropriate paragraph (ii) or (iii) of section 2(g) hereof (and executed and delivered Exhibit 3 and/or 4, if applicable) on behalf of such Disclosed Beneficial Purchaser; or
 - (ii) it is deemed to be purchasing as principal under NI 45-106 because it is an “accredited investor” as such term is defined in paragraphs (p) or (q) of the definition of “accredited investor” in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement (provided, however, that it is not a trust company or trust corporation registered under the laws of Prince Edward Island that is not registered or authorized under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in another jurisdiction of Canada) and has concurrently executed and delivered a Representation Letter attached as Exhibit 1 to this Subscription Agreement and has initialled or placed a checkmark in Appendix A thereto indicating that the Subscriber satisfies one of the categories of “accredited investor” set out in paragraphs (p) or (q) of Appendix A thereto;
- (i) if it (or any Disclosed Beneficial Purchaser) is resident in or otherwise subject to the applicable securities laws of a jurisdiction outside of Canada, other than the United States, it has concurrently executed and delivered an Offshore Representation Letter attached as Exhibit 6 to this Subscription Agreement, confirms the truth and accuracy of all statements made in such Offshore Representation Letter as of the date of this Subscription Agreement and as of the Closing Date and will provide such evidence of compliance with all matters described in such Offshore Representation Letter as the Corporation or its counsel may request;

- (j) it acknowledges and agrees that:
- (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Shares;
 - (ii) there is no government or other insurance covering the Shares;
 - (iii) an investment in the Shares is speculative and involves a high degree of risk and the Subscriber may lose his, her or its entire investment;
 - (iv) there are restrictions on the Subscriber's ability to resell the Shares and it is the responsibility of the Subscriber to find out what those restrictions are and to comply with them before selling the Shares;
 - (v) the Corporation has advised the Subscriber that the Corporation is relying on an exemption from the requirements to provide the Subscriber with a prospectus under applicable Canadian securities laws and, as a consequence of acquiring securities pursuant to this exemption: (i) certain protections, rights and remedies provided by the applicable Canadian securities laws, including statutory protections, rights and remedies available under applicable securities laws, will not be available to the Subscriber; (ii) the Subscriber will not receive a prospectus or continuous disclosure information that would otherwise be required to be provided under applicable securities laws; and (iii) the Corporation is relieved from certain obligations that would otherwise apply under prospectus requirements of applicable securities laws;
 - (vi) the Shares are not qualified for distribution under a prospectus in any jurisdiction and the Corporation is not a "reporting issuer" (or equivalent thereof) in any jurisdiction;
 - (vii) the Corporation does not make any representation or warranty to the Subscriber regarding the Shares being qualified investments under the *Income Tax Act* (Canada) for registered accounts;
 - (viii) the Shares are not listed on any stock exchange or market and there is no public or other market for the Shares;
 - (ix) the certificate representing the Shares will be endorsed with a legend stating that the Shares will be subject to restrictions on resale in accordance with applicable securities legislation; and
 - (x) the Corporation may complete additional financings in the future in order to develop the proposed business of the Corporation and to fund its ongoing development. There is no assurance that such financings will be available and if available, on reasonable terms. Any such future financings may have a dilutive effect on existing shareholders, including the Subscriber. If such future financings are not available, the Corporation may be unable to fund its ongoing development and the lack of capital resources may result in the failure of its business venture;
- (k) if the Subscriber is a U.S. Purchaser, then it understands and acknowledges that the Shares and any certificates representing the Shares, and all certificates issued in exchange for or in substitution of such certificates, will bear, or be deemed to bear, the following legend upon the original issuance and until the legend is no longer required under applicable requirements of the United States Securities Act of 1933, as amended (the "**1933 Act**") or applicable state securities laws:

"The securities represented by this certificate have not been and will not be registered under the United States Securities Act of 1933, as amended, or the securities laws of any state of the United States or any other jurisdiction. These securities may not be offered, sold, pledged, or otherwise transferred in the absence of an effective registration statement for the securities under applicable securities laws, except pursuant to an available exemption from registration in compliance with such laws."

provided that, if any of the Shares are being sold in accordance with Rule 904 of Regulation S, the legend may be removed by (i) providing to the Corporation a declaration in a form acceptable to the Corporation; and (ii) if required by the Corporation an opinion of counsel, of recognized standing reasonably satisfactory to the Corporation, or other evidence reasonably satisfactory to the Corporation, that the proposed transfer may be effected without registration under the 1933 Act; and provided, further, that, if any such Shares are being sold under Rule 144 under the 1933 Act, the legend may be removed by delivering to the Corporation, an opinion of counsel of recognized standing reasonably satisfactory to the Corporation, that the legend is no longer required under applicable requirements of the 1933 Act or state securities laws;

- (l) if the Subscriber is a U.S. Purchaser, then the Subscriber on its own behalf and, if applicable, on behalf of others for whom it is hereby acting, represents or understands, as applicable, that:
- (i) the Shares have not been and will not be registered under the 1933 Act, or any state securities laws, and that the sale contemplated hereby is being made in reliance on a private placement exemption to U.S. Accredited Investors and similar exemptions under state securities laws;
 - (ii) it is eligible to purchase the Shares pursuant to an exemption from the registration requirements of the 1933 Act. The Subscriber has completed and delivered to the Corporation the U.S. Accredited Investor Certificate in Exhibit 5 evidencing the Subscriber's (and any Disclosed Beneficial Purchaser's) status as an "accredited investor" that meets the criteria in Rule 501(a) of Regulation D under the 1933 Act (the "**U.S. Accredited Investor**") and confirms the truth and accuracy of all statements made in such certificate as of the date of this Subscription Agreement and as of the Closing Date;
 - (iii) the Subscriber is acquiring the Shares for its own account or for the account of one or more U.S. Accredited Investors as to which it exercises sole investment discretion, and not with a view to any resale, distribution or other disposition thereof in violation of the registration requirements of the U.S. federal securities laws or state securities laws;
 - (iv) the financial statements of the Corporation have been, or will be, prepared in accordance with Canadian generally accepted accounting principles or International Financial Reporting Standards, as issued by the International Accounting Standards Board, which differ in some respects from United States generally accepted accounting principles, and thus may not be comparable to financial statements of United States companies;
 - (v) the Subscriber has not purchased the Shares as a result of any "directed selling efforts" (as defined in Regulation S under the 1933 Act) and is not purchasing the Shares as a result of "general solicitation" or "general advertising" (as such terms are used in Regulation D under the 1933 Act), including without limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or on the internet, or broadcast over radio or television or on the internet, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
 - (vi) there may be material tax consequences to it resulting from an acquisition, holding, conversion or disposition of the Shares. The Corporation gives no opinion and makes no representation with respect to the tax consequences to the Subscriber under United States, state, local or foreign tax law of its acquisition, holding, conversion or disposition of the Shares, and the Subscriber acknowledges that it is solely responsible for determining the tax consequences to it with respect to its investment, including whether the Corporation will at any given time be deemed a "passive foreign investment company" within the meaning of Section 1297 of the United States Internal Revenue Code of 1986, as amended;
 - (vii) the Shares will be "restricted securities" within the meaning of Rule 144(a)(3) under the 1933 Act, and therefore may not be offered or sold by it, except in compliance with 2(l)(viii), below and that the certificates representing the Shares will contain a legend in respect of such restrictions as set out in 2(k), as applicable;

- (viii) if the Subscriber decides to offer, sell or otherwise transfer any of the Shares, it will only offer, sell or otherwise transfer any of such Shares (A) to the Corporation, (B) outside the United States, in compliance with Rule 904 of Regulation S, as applicable, and in compliance with applicable local laws and regulations, (C) pursuant to the exemption from the registration requirements of the 1933 Act provided by (i) Rule 144 or (ii) Rule 144A thereunder, if available, and in accordance with any applicable state securities laws, (D) in a transaction that does not require registration under the 1933 Act or any applicable United States state securities laws, or (E) pursuant to a registration statement declared effective by the United States Securities and Exchange Commission (the “SEC”), and, in the case of each of (C)(i) and (D) it has prior to such sale furnished to the Corporation an opinion of counsel reasonably satisfactory to the Corporation stating that such transaction is exempt from registration under the 1933 Act and applicable state securities laws;
- (ix) with respect to the Shares, that: (i) if the Corporation is determined as of the issuance date of the Shares to be an issuer that is, or that has been at any time prior to the issuance date of the Shares, an issuer with no or nominal operations and no or nominal assets other than cash and cash equivalents, Rule 144 under the 1933 Act may not be available for re-sales of the Shares; and (ii) the Corporation is not obligated to take, and has no present intention of taking, any action to make Rule 144 under the 1933 Act (or any other exemption) available for re-sales of the Shares;
- (x) it consents to the Corporation making a notation on its records in order to implement the restrictions on transfer set forth and described in 2(l)(viii);
- (xi) the Corporation has no obligation to register, and has no present intention to register, the resale of any of the Shares under the 1933 Act. Accordingly, the Subscriber understands that absent registration, under the rules of the SEC, the Subscriber may be required to hold the Shares indefinitely or to transfer the Shares in transactions which are exempt from registration under the 1933 Act, in which event the transferee may acquire “restricted securities” subject to the same limitations as in the hands of the Subscriber. As a consequence, the Subscriber understands that it must bear the economic risks of the investment in the Shares for an indefinite period of time;
- (xii) the funds representing the Aggregate Subscription Price which will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (the “PATRIOT Act”) and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose the Subscriber’s name and other information relating to the subscription agreement and the Subscriber’s subscription hereunder, on a confidential basis, pursuant to the PATRIOT Act. No portion of the Aggregate Subscription Price to be provided by the Subscriber: (i) has been or will be derived from or related to any activity that is deemed criminal under the laws of the United States, or any other jurisdiction; or (ii) is being tendered on behalf of a person or entity who has not been identified to or by the Subscriber, and it shall promptly notify the Corporation if the Subscriber discovers that any of such representations ceases to be true and provide the Corporation with appropriate information in connection therewith; and
- (xiii) the Subscriber’s ability to enforce civil liabilities under the United States federal securities laws may be affected adversely by, among other things: (i) the fact that the Corporation is not organized under the laws of the United States; (ii) some or all of the directors and officers of the Corporation may be residents of countries other than the United States; and (iii) all or a substantial portion of the assets of the Corporation and such persons may be located outside the United States. Consequently, it may be difficult to provide service of process on the Corporation and it may be difficult to enforce any judgment of United States courts predicated upon civil liability of the Corporation and such directors or officers under the United States federal securities laws;
- (m) it understands and acknowledges that the Corporation: (i) is under no obligation to be or to remain a “foreign issuer”, as such term is defined in the 1933 Act; (ii) may not, at the time the Subscriber sells the Shares or at any other time, be a foreign issuer; and (iii) may engage in one or more transactions that could cause the Corporation not to be a foreign issuer;

- (n) if it is not a natural person, it has a bona fide business purpose other than the investment in the Shares and was not created, formed or established solely or primarily to acquire securities, or to permit purchases of securities without a prospectus, in reliance on an exemption from the prospectus requirements of applicable securities legislation;
- (o) if it is not a natural person, it has the legal capacity to enter into and be bound by this Subscription Agreement and further certifies that all necessary approvals of directors, trustees, fiduciaries, shareholders, partners, stakeholders, holders of voting securities or otherwise have been given and obtained;
- (p) if it is a natural person, it is of the full age of majority and is legally competent to execute this Subscription Agreement and take all action pursuant hereto;
- (q) the entering into of this Subscription Agreement and the transactions contemplated hereby will not result in a violation of any of the terms or provisions of any law applicable to the Subscriber (or any Disclosed Beneficial Purchaser), or if the Subscriber (or any Disclosed Beneficial Purchaser) is not a natural person, any of such person's constituting documents, or any agreement to which such person is a party or by which it is bound;
- (r) this Subscription Agreement has been duly and validly authorized, executed and delivered by and constitutes a legal, valid, binding and enforceable obligation of the Subscriber;
- (s) in the case of a subscription by it for Shares acting as agent for a Disclosed Beneficial Purchaser, it is duly authorized to execute and deliver this Subscription Agreement and all other necessary documentation in connection with such subscription on behalf of such Disclosed Beneficial Purchaser and this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of, and constitutes a legal, valid and binding agreement of, such Disclosed Beneficial Purchaser;
- (t) it has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Shares and is able to, and agrees to, bear the economic risk of loss of its investment or, where it is not purchasing as principal, each Disclosed Beneficial Purchaser is able to, and agrees to, bear the economic risk of loss of its investment; and further acknowledges that the business and operations of the Corporation are subject to a number of risk factors and an investment in the Shares involves a high degree of risk and should be considered speculative;
- (u) except for the Corporation's investor slide presentation provided to the Subscriber, it has relied solely upon publicly available information relating to the Corporation and not upon any verbal or written representation as to fact or otherwise made by or on behalf of the Corporation;
- (v) the Subscriber does not act jointly or in concert with any other person or company for the purpose of acquiring securities of the Corporation;
- (w) it acknowledges that the Corporation's counsel is acting as counsel to the Corporation and not as counsel to the Subscriber (or any Disclosed Beneficial Purchaser);
- (x) if required by applicable securities legislation, regulations, rules, policies or orders or by any securities commission, stock exchange or other regulatory authority, the Subscriber will execute, deliver, file and otherwise assist the Corporation in filing, such reports, undertakings and other documents with respect to the issue of the Shares including, without limitation:
 - (i) this Subscription Agreement;
 - (ii) if the Subscriber, or if applicable, the Disclosed Beneficial Purchaser, is an accredited investor resident in Canada, a fully executed and completed Representation Letter attached as Exhibit 1 hereto and, if the Subscriber, or if applicable, the Disclosed Beneficial Purchaser, is an individual described in paragraphs (j), (k) or (l) of the definition of "accredited investor" (and is not described

- in paragraph (j.1) of the definition of “accredited investor”), a fully executed and completed Risk Acknowledgment Form attached as Exhibit 2 hereto;
- (iii) if the Subscriber, or if applicable, the Disclosed Beneficial Purchaser, is a resident of Saskatchewan and is purchasing Shares pursuant to section 2(g)(ii) and has initialled or placed a checkmark next to paragraph (IV), (V), (VI), (VIII) or (IX) thereunder, a fully executed and completed Risk Acknowledgment Form attached as Exhibit 3 hereto;
 - (iv) if the Subscriber, or if applicable, the Disclosed Beneficial Purchaser, is a resident of Ontario and is purchasing Shares pursuant to section 2(g)(ii), a fully executed and completed Risk Acknowledgment Form attached as Exhibit 4 hereto;
 - (v) if the Subscriber is resident of the United States, a fully executed and completed U.S. Accredited Investor Certificate attached as Exhibit 5 hereto; and
 - (vi) if the Subscriber, or if applicable, the Disclosed Beneficial Purchaser, is resident outside of Canada in or otherwise subject to the applicable securities laws of a jurisdiction outside of Canada, other than the United States, a fully executed and completed Offshore Representation Letter attached as Exhibit 6 hereto;
- (y) the acquisition of the Shares hereunder by the Subscriber (and each Disclosed Beneficial Purchaser) will not result in the Subscriber (or any Disclosed Beneficial Purchaser) becoming a “control person” in respect of the Corporation, as defined under applicable securities laws;
- (z) no person has made to the Subscriber (or any Disclosed Beneficial Purchaser) any written or oral representations: (i) that any person will resell or repurchase the Shares; (ii) that any person will refund the purchase price of the Shares; (iii) as to the future price or value of the Shares; or (iv) as to any of the Shares being issued pursuant to this Subscription Agreement being listed on any stock exchange or that application has been or will be made for such listing;
- (aa) the Aggregate Subscription Price which will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)* (the “PCMLA”) and the Subscriber acknowledges (on its own behalf and, if applicable, on behalf of each Disclosed Beneficial Purchaser) that the Corporation may in the future be required by law to disclose the Subscriber’s (and each Disclosed Beneficial Purchaser’s) name and other information relating to this Subscription Agreement and the Subscriber’s subscription hereunder, on a confidential basis, pursuant to the PCMLA; and to the best of its knowledge: (i) none of the subscription funds to be provided by the Subscriber (A) have been or will be derived from or related to any activity that is deemed criminal under the laws of Canada, the United States, or any other jurisdiction, or (B) are being tendered on behalf of a person or entity who has not been identified to the Subscriber; and (ii) it shall promptly notify the Corporation if the Subscriber discovers that any of such representations ceases to be true, and to provide the Corporation with appropriate information in connection therewith;
- (bb) **the Subscriber (including any Disclosed Beneficial Purchaser) has been encouraged to obtain independent legal, income tax and investment advice with respect to this Subscription Agreement** and accordingly, has had the opportunity to acquire an understanding of the meanings of all terms contained herein relevant to the Subscriber (and each Disclosed Beneficial Purchaser) for purposes of giving representations, warranties and covenants under this Subscription Agreement, or if it has not obtained such advice that it or if applicable, each person for whom it is contracting hereunder, understands all relevant legal, income tax and investment issues with respect to this subscription and the holding, trading, transferring and disposition of the Shares, and the Subscriber acknowledges that in connection with the subscription hereunder it has received no advice as to income tax, investment or legal ramifications in connection with the Shares from the Corporation or its affiliates or counsel;

- (cc) the Subscriber will notify the Corporation if any representation or warranty contained in this Subscription Agreement becomes untrue; and
- (dd) the Subscriber acknowledges that investors who acquire securities by way of a private placement have significantly fewer rights and remedies available to them than investors who acquire securities offered by a prospectus. For example, investors who acquire securities by way of a private placement do not have the benefit of certain statutory remedies against an issuer's agents, auditors, directors and officers that are available to investors who acquire securities offered by a prospectus. The Subscriber is also aware that the common law may not provide investors with an adequate remedy in the event that they suffer investment losses in connection with securities acquired in a private placement.

Closing

3. Upon the execution of this Agreement, the Subscriber agrees to deliver to the Corporation's lawyers documentation in the form mutually agreed by the parties confirming that the Aggregate Subscription Price has been paid and satisfied in full by way of set-off and cancellation of indebtedness owed by the Corporation to the Subscriber equal to the Aggregate Subscription Price.

4. If the Subscriber has delivered to the Corporation a completed Subscription Agreement, including all applicable Exhibits, together with satisfaction of the Aggregate Subscription Price as specified herein, then subject to the terms and conditions hereof, the Corporation will, within a reasonable time after acceptance of the Subscriber's subscription, issue a certificate for the Shares to and in the name of the Subscriber (or as the Subscriber has otherwise directed), as fully paid and non-assessable shares in the capital of the Corporation. The date upon which any Shares are issued in favour of the Subscriber pursuant to this Subscription Agreement is referred to herein as the "**Closing Date**".

5. The Corporation shall be entitled to rely on an executed copy of this Subscription Agreement delivered via facsimile or electronically (including e-mail), and acceptance by the Corporation of such executed copy of this Subscription Agreement shall be legally effective to create a valid and binding agreement between the Subscriber and the Corporation in accordance with the terms hereof. In addition, this Subscription Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same document. If less than a complete copy of this Subscription Agreement is delivered to the Corporation, the Corporation shall be entitled to assume that the Subscriber accepts and agrees with all of the terms and conditions of this Subscription Agreement on the pages not delivered, unaltered.

General

6. The Subscriber (on its own behalf and, if applicable, on behalf of each Disclosed Beneficial Purchaser), agrees that the representations, warranties and covenants of the Subscriber herein will be true and correct both as of the Subscriber's execution of this Subscription Agreement and as of the Closing Date and will survive the completion of the issuance of the Shares. The representations, warranties and covenants of the Subscriber herein are made with the intent that they be relied upon by the Corporation and its counsel in determining the eligibility of a purchaser of Shares and the Subscriber agrees to indemnify and save harmless the Corporation and its affiliates, shareholders, directors, officers, employees, counsel and agents against all losses, claims, costs, expenses and damages or liabilities which any of them may suffer or incur which are caused or arise from a breach thereof. The Subscriber undertakes to immediately notify the Corporation at Cannapiece Group Inc., #302-100 Allstate Parkway, Markham, ON, L3R 6H3, of any change in any statement or other information relating to the Subscriber (or any Disclosed Beneficial Purchaser) set forth herein which takes place prior to the Closing Date.

7. The Subscriber acknowledges (on its own behalf and, if applicable, on behalf of each Disclosed Beneficial Purchaser) that this Subscription Agreement and the Exhibits hereto require the Subscriber (and any Disclosed Beneficial Purchaser) to provide certain personal information to the Corporation. Such information is being collected by the Corporation for the purposes of completing purchase of the Shares by the Subscriber, which includes, without limitation, determining the Subscriber's eligibility (or that of any Disclosed Beneficial Purchaser) to purchase the Shares under applicable securities laws, preparing and registering certificates representing the Shares to be issued to the Subscriber and completing filings required by any stock exchange or securities regulatory authority. The

Subscriber's personal information (and that of any Disclosed Beneficial Purchaser) may be disclosed by the Corporation to: (i) stock exchanges or securities regulatory authorities; (ii) the Corporation's registrar and transfer agent; (iii) Canadian tax authorities; and (iv) any of the other parties involved in connection with the transactions discussed herein, including legal counsel, and may be included in closing books in connection therewith. By executing this Subscription Agreement, the Subscriber (on its own behalf and on behalf of any Disclosed Beneficial Purchaser for whom it is contracting hereunder) consents to the foregoing collection, use and disclosure of the Subscriber's (and any Disclosed Beneficial Purchaser's) personal information. The Subscriber (on its own behalf and on behalf of any Disclosed Beneficial Purchaser for whom it is contracting hereunder) also consents to the filing of copies or originals of any of the Subscriber's documents delivered in connection with this Subscription Agreement as may be required to be filed with any securities regulatory authority in connection with the transactions contemplated hereby. The Subscriber (on its own behalf and on behalf of any Disclosed Beneficial Purchaser for whom it is contracting hereunder) further acknowledges that it has been notified by the Corporation that: (i) the Corporation is required to provide personal information pertaining to the purchasers of Shares required to be disclosed in Schedule 1 of Form 45-106F1 pursuant to NI 45-106 (including name, address, telephone number, the number and value of securities purchased, the details of the exemption relied on and if applicable, the status of the purchaser as a registrant and/or an insider of the Corporation), which Form 45-106F1 the Corporation is required to file under NI 45-106; (ii) the personal information will be delivered to the applicable securities regulatory authority or regulator in accordance with NI 45-106; (iii) such personal information is being collected by the securities regulatory authority or regulator under the authority granted to it in securities legislation; (iv) such personal information is being collected for the purposes of the administration and enforcement of the securities legislation of the local jurisdiction; and (v) the public official in each jurisdiction who can answer questions about the indirect collection of the personal information has been provided in Exhibit 7 hereto. The Subscriber (on its own behalf and, on behalf of any Disclosed Beneficial Purchaser) hereby authorizes the indirect collection of the information by the applicable securities regulatory authority or regulator.

8. The Subscriber acknowledges and agrees (on its own behalf and on behalf of any Disclosed Beneficial Purchaser) that all costs incurred by the Subscriber (including any fees and disbursements of any counsel retained by the Subscriber) relating to the sale of the Shares to the Subscriber shall be borne by the Subscriber.

9. The Subscriber acknowledges (on its own behalf and on behalf of any Disclosed Beneficial Purchaser) that it has consented to and requested that all documents evidencing or relating in any way to the sale of the Shares be drawn up in the English language only. **Le soussigné reconnaît par les présentes avoir consenti et exigé que tous les documents faisant foi ou se rapportant de quelque manière à la vente de ces actions soient rédigés en anglais seulement.**

10. The contract arising out of this Subscription Agreement and all documents relating thereto is governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

11. Time is of the essence hereof.

12. This Subscription Agreement (including the Exhibits) represents the entire agreement of the parties hereto relating to the subject matter hereof, superseding all prior oral and written agreements, understandings, representations and warranties of courses of conduct and dealing between the parties, and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein.

13. The terms and provisions of this Subscription Agreement are binding upon and enure to the benefit of the Subscriber and the Corporation and their respective heirs, executors, administrators, successors and assigns; provided that, except for as otherwise herein provided, this Subscription Agreement is not assignable by any party hereto without the prior written consent of the other parties.

14. The Subscriber agrees (on its own behalf and on behalf of any Disclosed Beneficial Purchaser) that this subscription is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by the Subscriber (on its own behalf and on behalf of each Disclosed Beneficial Purchaser).

15. Neither this Subscription Agreement nor any provision hereof shall be modified, changed, discharged or terminated except by an instrument in writing signed by the party against whom any waiver, change, discharge or termination is sought.

16. Throughout this Subscription Agreement, if the Subscriber is contracting on behalf of another person or persons, all representations, warranties, covenants, acknowledgements, confirmations and statements made by the Subscriber hereunder shall be true with respect to such person or persons on whose behalf the Subscriber is contracting as if such representations, warranties, covenants, acknowledgements, confirmations or statements were made directly by such person or persons.

17. The invalidity, illegality or unenforceability of any provision of this Subscription Agreement does not affect the validity, legality or enforceability of any other provision hereof.

18. The headings used in this Subscription Agreement have been inserted for convenience of reference only and shall not affect the meaning or interpretation of this Subscription Agreement or any provision hereof.

19. The covenants, representations and warranties contained herein shall survive the closing of the transactions contemplated hereby.

20. In this Subscription Agreement (including Exhibits), references to "\$" are to Canadian dollars and references to "US\$" are to United States dollars.

EXHIBIT 1

REPRESENTATION LETTER
(FOR ALL CANADIAN ACCREDITED INVESTORS)

TO: Cannapiece Group Inc. (the “Corporation”)

(Capitalized terms not specifically defined in this Exhibit have the meaning ascribed to them in the Subscription Agreement to which this Exhibit is attached)

In connection with the execution by the undersigned Subscriber of the Subscription Agreement which this Representation Letter forms a part of, the undersigned Subscriber hereby represents, warrants, covenants and certifies to the Corporation that:

1. the undersigned Subscriber is resident in the jurisdiction set out as the “Subscriber’s Residential Address” on the face page of the Subscription Agreement and if the undersigned Subscriber is purchasing as agent for a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser is resident in the jurisdiction set out as the “Disclosed Beneficial Purchaser’s Residential Address” on the face page of the Subscription Agreement;
2. the undersigned Subscriber is either: (i) purchasing the Shares as principal for its own account; (ii) deemed to be purchasing the Shares as principal in accordance with section 2.3(2) or (4) of NI 45-106; or (iii) acting as agent for a Disclosed Beneficial Purchaser who is purchasing the Shares as principal for its own account;
3. the undersigned Subscriber (or if the undersigned Subscriber is purchasing as agent for a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser) is an “accredited investor” within the meaning of NI 45-106 by virtue of satisfying the indicated criterion as set out in Appendix A to this Representation Letter;
4. the undersigned Subscriber (or if the undersigned Subscriber is purchasing as agent for a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser) fully understands the meaning of the terms and conditions of the category of “accredited investor” applicable to it and confirms that it has reviewed and understands the definitions in Appendix A to this Representation Letter in respect of “accredited investor” applicable to it and, in particular, if the undersigned Subscriber (or if the undersigned Subscriber is purchasing as agent for a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser) is an “accredited investor” by virtue of satisfying item (j), (j.1), (k) or (l) of Appendix A to this Representation Letter, it has reviewed and understands the definitions of “financial assets”, “related liabilities”, and “net income”, as applicable, contained in Appendix A to this Representation Letter;
5. the undersigned Subscriber (or if the undersigned Subscriber is purchasing as agent for a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser), if purchasing as an “accredited investor” within the meaning of NI 45-106 under items (j), (k) or (l) (and not under item (j.1)) set out in Appendix A to this Representation Letter, has concurrently executed the Risk Acknowledgement Form attached as Exhibit 2 to this Subscription Agreement;
6. the undersigned Subscriber (or if the undersigned Subscriber is purchasing as agent for a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser) was not created, and is not used, solely to purchase or hold securities as an “accredited investor” within the meaning of NI 45-106 under item (m) set out in Appendix A to this Representation Letter; and
7. upon execution of this Representation Letter by the undersigned Subscriber, this Representation Letter, including Appendix A hereto, and, if applicable, Exhibit 2 hereto, shall be incorporated into and form a part of the Subscription Agreement.

[Signature follows on next page]

Dated: September 8, 2021

2125028 Ontario Inc.

Print Name of Subscriber

By: _____
Signature

Robert Pinheiro

Print Name of Signatory (if different from the Subscriber)

President

Title

IMPORTANT: PLEASE INITIAL OR PLACE A CHECKMARK NEXT TO THE APPLICABLE PROVISION(S) IN APPENDIX A ON THE FOLLOWING PAGES

APPENDIX A TO EXHIBIT 1

NOTE: PLEASE INITIAL OR PLACE A CHECKMARK NEXT TO THE APPLICABLE CATEGORY OR CATEGORIES OF “ACCREDITED INVESTOR” TO WHICH YOU BELONG.

Accredited Investor (defined in NI 45-106, or for residents of Ontario, defined in Section 73.3(1) of the *Securities Act* (Ontario)), means:

- _____ (a) (i) except in Ontario, a Canadian financial institution, or a Schedule III bank;
- (ii) in Ontario, a financial institution described in section 73.1(1) of the *Securities Act* (Ontario) as described below; or
- _____ (b) (i) except in Ontario, the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada);
- (ii) in Ontario, the Business Development Bank of Canada; or
- _____ (c) (i) except in Ontario, a subsidiary of any person referred to in paragraphs (a)(i) or (b)(i), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary;
- (ii) in Ontario, a subsidiary of any person or company referred to in paragraphs (a)(ii) or (b)(ii), if the person or company owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary; or
- _____ (d) (i) except in Ontario, a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer;
- (ii) in Ontario, a person or company registered under the securities legislation of a province or territory in Canada as an adviser or dealer, except as otherwise prescribed by the regulations; or
- _____ (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d); or
- _____ (e.1) an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador); or
- _____ (f) (i) except in Ontario, the Government of Canada or a jurisdiction of Canada, or any Crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada;
- (ii) in Ontario, the Government of Canada, the government of a province or territory of Canada, or any Crown corporation, agency or wholly owned entity of the Government of Canada or the government of a province or territory of Canada; or
- _____ (g) (i) except in Ontario, a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec;
- (ii) in Ontario, a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec; or

- _____ (h) (i) except in Ontario, any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government;
- (ii) in Ontario, any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government; or
- _____ (i) (i) except in Ontario, a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada), a pension commission or similar regulatory authority of a jurisdiction of Canada;
- (ii) in Ontario, a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a province or territory of Canada; or
- _____ (j) an individual who, either alone or with a spouse, beneficially owns financial assets (which exclude the value of such individual's personal residence and any other real estate) having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000; or

Note: If you have initialled or placed a check mark next to (j), you must also complete Exhibit 2 attached hereto.

Financial assets include cash and securities, but do not include a personal residence. Financial assets are generally liquid or relatively easy to liquidate. You must subtract any liabilities related to your financial assets to calculate your net financial assets – see the definition of “related liabilities” below. In the case where financial assets are held in a trust or in another type of investment vehicle for the benefit of an individual there may be questions as to whether the individual beneficially owns the financial assets. The following factors are indicative of beneficial ownership of financial assets: (i) physical or constructive possession of evidence of ownership of the financial asset; (ii) entitlement to receipt of any income generated by the financial asset; (iii) risk of loss of the value of the financial asset; and (iv) the ability to dispose of the financial asset or otherwise deal with it as you see fit. For example, securities held in a self-directed RRSP, for your sole benefit, are beneficially owned by you. In general, financial assets in a spousal RRSP would also be included for the purposes of the financial assets test; however, financial assets held in a group RRSP under which you do not have the ability to acquire the financial assets and deal with them directly are not considered to be beneficially owned by you.

- _____ (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but next of any related liabilities, exceeds \$5,000,000; or

Note: The financial assets of your spouse (including financial assets in a spousal RRSP) cannot be included in the calculation of net financial assets under this paragraph (j.1).

- _____ (k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year; or

Note: If you have initialled or placed a check mark next to (k), you must also complete Exhibit 2 attached hereto.

(Note: if individual accredited investors wish to purchase through wholly-owned holding companies or similar entities, such purchasing entities must qualify under section (t) below, which must be initialled.)

- _____ (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000; or

Note: If you have initialled or placed a check mark next to (l), you must also complete Exhibit 2 attached hereto.

To calculate net assets, take the value of your total assets (which may include a personal residence) and subtract your total liabilities (which may include a mortgage). The value attributed to assets should reasonably reflect their estimated fair value. Income tax should be considered a liability if the obligation to pay it is outstanding at the time of the distribution of these securities.

- _____ (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements; or
- _____ (n) an investment fund that distributes or has distributed its securities only to
- (i) a person that is or was an accredited investor at the time of the distribution,
- (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 [minimum amount investment] or 2.19 [additional investment in investment funds] of NI 45-106, or
- (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 [investment fund reinvestment] of NI 45-106; or
- _____ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator has issued a receipt; or
- _____ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be; or
- _____ (q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction; or
- _____ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded; or
- _____ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function; or
- X (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors (as defined in NI 45-106); or
- _____ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser; or
- _____ (v) (i) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor; or
- (ii) in Ontario, a person or company that is recognized or designated by the Commission as an accredited investor; or
- _____ (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all the beneficiaries are

the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.

DEFINITIONS

For the purposes hereof and the Subscription Agreement:

“affiliate” means an issuer connected with another issuer because

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same person;

“bank” means a bank named in Schedule I or II of the *Bank Act* (Canada);

“Canadian financial institution” means

- (a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or
- (b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

“consultant” means for an issuer, a person, other than an employee, executive officer, or director of the issuer or of a related entity of the issuer, that

- (a) is engaged to provide services to the issuer or a related entity of the issuer, other than services provided in relation to a distribution,
- (b) provides the services under a written contract with the issuer or a related entity of the issuer, and
- (c) spends or will spend a significant amount of time and attention on the affairs and business of the issuer or a related entity of the issuer

and includes

- (d) for an individual consultant, a corporation of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner, and
- (e) for a consultant that is not an individual, an employee, executive officer, or director of the consultant, provided that the individual employee, executive officer, or director spends or will spend a significant amount of time and attention on the affairs and business of the issuer or a related entity of the issuer;

“control person” has the same meaning as in securities legislation;

“director” means

- (a) a member of the board of directors of a company or an individual who performs similar functions for a company, and
- (b) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company;

“eligibility adviser” means

- (a) a person that is registered as an investment dealer and authorized to give advice with respect to the type of security being distributed, and
- (b) in Saskatchewan or Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not:
 - (i) have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders, or control persons, and
 - (ii) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;

“executive officer” means, for an issuer, an individual who is

- (a) a chair, vice-chair or president,
- (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production, or
- (c) performing a policy-making function in respect of the issuer;

“financial assets” means

- (a) cash,
- (b) securities, or
- (c) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;

“financial institution” in section 73.1(1) of the *Securities Act* (Ontario) means,

- (a) a bank listed in Schedule I, II or III to the *Bank Act* (Canada), or
- (b) an association to which the *Cooperative Credit Associations Act* (Canada) applies or a central cooperative credit society for which an order has been made under subsection 473 (1) of that Act, or
- (c) a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative or credit union league or federation that is authorized by a statute of Canada or Ontario to carry on business in Canada or Ontario, as the case may be;

“foreign jurisdiction” means a country other than Canada or a political subdivision of a country other than Canada;

“founder” means, in respect of an issuer, a person who,

- (a) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and
- (b) at the time of the distribution or trade is actively involved in the business of the issuer;

“fully managed account” means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client’s express consent to a transaction;

“holding entity” means a person that is controlled by an individual;

“individual” means a natural person, but does not include

- (a) a partnership, unincorporated association, unincorporated syndicate, unincorporated organization or a trust, or
- (b) a natural person in the person’s capacity as trustee, executor, administrator or other legal personal representative;

“investment dealer” means a person or company registered in the category of investment dealer;

“investment fund” means a mutual fund or a non-redeemable investment fund, and, for greater certainty in British Columbia, includes an employee venture capital corporation that does not have a restricted constitution, and is registered under Part 2 of the *Employee Investment Act* (British Columbia), R.S.B.C. 1996 c. 112, and whose business objective is making multiple investments and a venture capital corporation registered under Part 1 of the *Small Business Venture Capital Act* (British Columbia), R.S.B.C. 1996 c.429 whose business objective is making multiple investments;

“jurisdiction” means a province or territory of Canada except when used in the term “foreign jurisdiction”;

“local jurisdiction” means the jurisdiction in which the applicable Canadian securities regulatory authority is situate;

“mutual fund” has the meaning ascribed to it under the securities legislation of the local jurisdiction;

“non-redeemable investment fund” means an issuer,

- (a) whose primary purpose is to invest money provided by its securityholders,
- (b) that does not invest:
 - (i) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, or
 - (ii) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund, and
- (c) that is not a mutual fund;

“permitted assign” means, for a person that is an employee, executive officer, director or consultant of an issuer or of a related entity of the issuer,

- (a) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the person,
- (b) a holding entity of the person,
- (c) a RRSP, RRIF or TFSA of the person,
- (d) a spouse of the person,
- (e) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the spouse of the person,

- (f) a holding entity of the spouse of the person, or
- (g) a RRSP, RRIF or TFSA of the spouse of the person;

“**person**” includes

- (a) an individual,
- (b) a corporation,
- (c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and
- (d) an individual or other person in that person’s capacity as a trustee, executor, administrator or personal or other legal representative;

“**regulator**” means, for the local jurisdiction, the person referred to in Appendix D of National Instrument 14-101 opposite the name of the local jurisdiction;

“**related entity**” means, for an issuer, a person that controls or is controlled by the issuer or that is controlled by the same person that controls the issuer;

“**related liabilities**” means

- (a) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or
- (b) liabilities that are secured by financial assets;

“**Schedule III bank**” means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

“**spouse**” means an individual who,

- (a) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual,
- (b) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or
- (c) in Alberta, is an individual referred to in paragraph (a) or (b), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta); and

“**subsidiary**” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

Control

Other than in respect of the definitions of “holding entity” or “related entity” above, a person (first person) is considered to control another person (second person) if:

- (a) the first person beneficially owns or, directly or indirectly, exercises control or direction over securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation,
- (b) the second person is a partnership, other than a limited partnership, and first person holds more than 50% of the interests of the partnership, or

- (c) the second person is a limited partnership and the general partner of the limited partnership is the first person.

In respect of the definitions of “holding entity” and “related entity” above, a person (first person) is considered to control another person (second person) if the first person, directly or indirectly, has the power to direct the management and policies of the second person by virtue of:

- (a) ownership of or direction over voting securities in the second person,
- (b) a written agreement or indenture,
- (c) being the general partner or controlling the general partner of the second person, or
- (d) being a trustee of the second person.

All monetary references are in Canadian Dollars.

EXHIBIT 2

**RISK ACKNOWLEDGEMENT FORM
(FOR CANADIAN RESIDENT INDIVIDUAL ACCREDITED INVESTORS)**

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

SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER	
1. About your investment	
Common Shares	Issuer: Cannapiece Group Inc.
Purchased from: Cannapiece Group Inc.	
SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER	
2. Risk acknowledgement	
This investment is risky. Initial that you understand that:	Your initials
Risk of loss – You could lose your entire investment of \$ _____. <i>[Instruction: Insert the total dollar amount of the investment.]</i>	
Liquidity risk – You may not be able to sell your investment quickly – or at all.	
Lack of information – You may receive little or no information about your investment.	
Lack of advice – You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to www.aretheyregistered.ca .	
3. Accredited investor status	
You must meet at least one of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.	Your initials
<ul style="list-style-type: none"> Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.) 	
<ul style="list-style-type: none"> Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year. 	
<ul style="list-style-type: none"> Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities. 	
<ul style="list-style-type: none"> Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.) 	

4. Your name and signature	
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.	
First and last name (please print):	
Signature:	Date:
SECTION 5 TO BE COMPLETED BY THE SALESPERSON	
5. Salesperson information	
First and last name of salesperson (please print): Ali Etemadi	
Telephone: 416-918-2424	Email: ali@cannapiece.ca
Name of firm (if registered):	
SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER	
6. For more information about this investment	
Cannapiece Group Inc. #302-100 Allstate Parkway Markham, ON L3R 6H3	
For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca.	

Form instructions:

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

EXHIBIT 3

**RISK ACKNOWLEDGEMENT FORM
(FOR SASKATCHEWAN CLOSE PERSONAL FRIENDS AND CLOSE
BUSINESS ASSOCIATES)**

**Risk Acknowledgement
Saskatchewan Close Personal Friends and Close Business Associates**

I acknowledge that this is a risky investment:

- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities.
- The person selling me these securities is not registered with a securities regulatory authority or regulator and has no duty to tell me whether this investment is suitable for me.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- I could lose all the money I invest.
- I do not have a 2-day right to cancel my purchase of these securities or the statutory rights of action for misrepresentation I would have if I were purchasing the securities under a prospectus. I do have a 2-day right to cancel my purchase of these securities if I receive an amended offering document.

I am investing \$ _____ [total consideration] in total; this includes any amount I am obliged to pay in future.

I am a **close** personal friend or **close** business associate of _____ [state name], who is a _____ [state title - founder, director, executive officer or control person] of Cannapiece Group Inc.

I acknowledge that I am purchasing based on my close relationship with _____ [state name of founder, director, executive officer or control person] whom I know well enough and for a sufficient period of time to be able to assess her/his capabilities and trustworthiness.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

_____ Date
_____ Signature of Purchaser
_____ Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

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You are buying Exempt Market Securities

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell *exempt market securities*. Exempt market securities are more risky than other securities.

You may not receive any written information about the issuer or its business

If you have any questions about the issuer or its business, ask for written clarification before you purchase the securities. You should consult your own professional advisers before investing in the securities.

You will not receive advice

Unless you consult your own professional advisers, you will not get professional advice about whether the investment is suitable for you.

The issuer of your securities is a non-reporting issuer.

A *non-reporting issuer* does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer. You can only sell the securities of a non-reporting issuer in very limited circumstances. You may never be able to sell these securities.

The securities you are buying are not listed.

The securities you are buying are not listed on any stock exchange, and they may never be listed. There may be no market for these securities. You may never be able to sell these securities.

For more information on the exempt market, refer to the Saskatchewan Financial Services Commission's website at <http://www.sfsc.gov.sk.ca>.

[Instruction: The purchaser must sign 2 copies of this form. The purchaser and the issuer must each receive a signed copy.]

EXHIBIT 4

**RISK ACKNOWLEDGEMENT FORM
(FOR ONTARIO FAMILY, FRIEND AND BUSINESS ASSOCIATE
INVESTORS)**

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

SECTION 1 TO BE COMPLETED BY THE ISSUER	
1. About your investment	
Common Shares	Issuer: Cannapiece Group Inc.
SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER	
2. Risk acknowledgement	
This investment is risky. Initial that you understand that:	Your initials
Risk of loss – You could lose your entire investment of \$_____. <i>[Instruction: Insert the total dollar amount of the investment.]</i>	
Liquidity risk – You may not be able to sell your investment quickly – or at all.	
Lack of information – You may receive little or no information about your investment. The information you receive may be limited to the information provided to you by the family member, friend or close business associate specified in section 3 of this form.	
3. Family, friend or business associate status	
You must meet one of the following criteria to be able to make this investment. Initial the statement that applies to you:	Your initials
<p>A) You are:</p> <p>1) <i>[check all applicable boxes]</i></p> <p><input type="checkbox"/> a director of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> an executive officer of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> a control person of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> a founder of the issuer</p> <p>OR</p> <p>2) <i>[check all applicable boxes]</i></p> <p><input type="checkbox"/> a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above</p> <p><input type="checkbox"/> a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above</p>	
<p>B) You are a family member of _____ <i>[Instruction: Insert the name of the person who is your relative either directly or through his or her spouse]</i>, who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You are the _____ of that person or that person's spouse.</p> <p><i>[Instruction: To qualify for this investment, you must be (a) the spouse of the person listed above or (b) the parent, grandparent, brother, sister, child or grandchild of that person or that person's spouse.]</i></p>	

<p>C) You are a close personal friend of _____ [Instruction: Insert the name of your close personal friend], who holds the following position at the issuer or an affiliate of the issuer: _____ .</p> <p>You have known that person for _____ years.</p>	
<p>D) You are a close business associate of _____ [Instruction: Insert the name of your close business associate], who holds the following position at the issuer or an affiliate of the issuer: _____ .</p> <p>You have known that person for _____ years.</p>	
<p>4. Your name and signature</p>	
<p>By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form. You also confirm that you are eligible to make this investment because you are a family member, close personal friend or close business associate of the person identified in section 5 of this form.</p>	
<p>First and last name (please print):</p>	
Signature:	Date:
<p>SECTION 5 TO BE COMPLETED BY PERSON WHO CLAIMS THE CLOSE PERSONAL RELATIONSHIP, IF APPLICABLE</p>	
<p>5. Contact person at the issuer or an affiliate of the issuer</p>	
<p>[Instruction: To be completed by the director, executive officer, control person or founder with whom the purchaser has a close personal relationship indicated under sections 3B, C or D of this form.]</p> <p>By signing this form, you confirm that you have, or your spouse has, the following relationship with the purchaser: [check the box that applies]</p> <p><input type="checkbox"/> family relationship as set out in section 3B of this form</p> <p><input type="checkbox"/> close personal friendship as set out in section 3C of this form</p> <p><input type="checkbox"/> close business associate relationship as set out in section 3D of this form</p>	
<p>First and last name of contact person (please print):</p>	
<p>Position with the issuer or affiliate of the issuer (director, executive officer, control person or founder):</p>	
Telephone:	Email:
Signature:	Date:
<p>SECTION 6 TO BE COMPLETED BY THE ISSUER</p>	
<p>6. For more information about this investment</p>	
<p>Cannapiece Group Inc. #302-100 Allstate Parkway Markham, ON L3R 6H3</p> <p>For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca.</p>	

Signature of executive officer of the issuer (other than the purchaser):	Date:
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Form instructions:

1. This form does not mandate the use of a specific font size or style but the font must be legible.
2. The information in sections 1, 5 and 6 must be completed before the purchaser completes and signs the form.
3. The purchaser, an executive officer who is not the purchaser and, if applicable, the person who claims the close personal relationship to the purchaser must sign this form. Each of the purchaser, contact person at the issuer and the issuer must receive a copy of this form signed by the purchaser. The issuer is required to keep a copy of this form for 8 years after the distribution.
4. The detailed relationships required to purchase securities under this exemption are set out in section 2.5 of National Instrument 45-106 Prospectus Exemptions. For guidance on the meaning of “close personal friend” and “close business associate”, please refer to sections 2.7 and 2.8, respectively, of Companion Policy 45-106CP Prospectus Exemptions.

EXHIBIT 5

**U.S. ACCREDITED INVESTOR CERTIFICATE
(FOR ALL U.S. PURCHASERS)**

TO: Cannapiece Group Inc. (the “Corporation”)

(Capitalized terms not specifically defined in this Exhibit have the meaning ascribed to them in the Subscription Agreement to which this Exhibit is attached)

In connection with the execution by the undersigned Subscriber of the Subscription Agreement which this U.S. Accredited Investor Certificate forms a part of, the undersigned Subscriber hereby represents, warrants, covenants and certifies to the Corporation that the Subscriber is an “accredited investor” that meets the criteria in Rule 501(a) of Regulation D under the 1933 Act, because the Subscriber is:

NOTE: PLEASE INITIAL OR PLACE A CHECKMARK NEXT TO THE APPLICABLE CATEGORY OR CATEGORIES OF “ACCREDITED INVESTOR” TO WHICH YOU BELONG.

- _____ (a) any bank as defined in Section 3(a)(2) of the 1933 Act or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the 1933 Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the 1933 Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of US\$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of US\$5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
- _____ (b) any private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;
- _____ (c) any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of US\$5,000,000;
- _____ (d) any trust with total assets in excess of US\$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment, or whom the Corporation reasonably believes immediately prior to making any sale that such person has such knowledge and experience herein described;
- _____ (e) any natural person who had an individual income in excess of US\$200,000 in each of the two most recent years or joint income with that person’s spouse in excess of US\$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

_____ (f) any natural person whose individual net worth, or joint net worth with that person’s spouse, at the time of his purchase exceeds US\$1,000,000. For purposes of calculating net worth under this category:

- such person’s primary residence shall not be included as an asset;
- indebtedness that is secured by such person’s primary residence, up to the estimated fair market value of the primary residence at the time of the offering of the Shares, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the offering of the Shares exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and
- indebtedness that is secured by such person’s primary residence in excess of the estimated fair market value of the primary residence at the time of the offering of the Shares shall be included as a liability;

_____ (g) any director or executive officer of the Corporation; or

_____ (h) any entity in which all of the equity owners are accredited investors.

Upon execution of this U.S. Accredited Investor Certificate by the undersigned Subscriber, this U.S. Accredited Investor Certificate shall be incorporated into and form a part of the Subscription Agreement.

Dated: _____

Print Name of Subscriber

By: _____
Signature

Print Name of Signatory (if different from the Subscriber)

Title

EXHIBIT 6

OFFSHORE REPRESENTATION LETTER
(FOR ALL NON-CANADIAN RESIDENT INVESTORS EXCLUDING
U.S. PERSONS)

TO: Cannapiece Group Inc. (the “Corporation”)

(Capitalized terms not specifically defined in this Exhibit have the meaning ascribed to them in the Subscription Agreement to which this Exhibit is attached)

In connection with the execution by the undersigned Subscriber of the Subscription Agreement which this Offshore Representation Letter forms a part of, the undersigned Subscriber hereby represents, warrants, covenants and certifies to the Corporation that:

1. The undersigned Subscriber and (if applicable) any other purchaser for whom it is acting hereunder, is resident in the jurisdiction set out on the face page of the Subscription Agreement (the “**Foreign Jurisdiction**”) and the undersigned Subscriber certifies that it and (if applicable) any other purchaser for whom it is acting hereunder is not resident in or otherwise subject to applicable securities laws of any province or territory of Canada.
2. The undersigned Subscriber and (if applicable) any other purchaser for whom it is acting hereunder, is a purchaser which is purchasing the Shares pursuant to an exemption from any prospectus or securities registration or similar requirements under the applicable securities laws of the Foreign Jurisdiction or any other securities laws to which the Subscriber and (if applicable) any other purchaser for whom the Subscriber is acting hereunder are otherwise subject.
3. If the undersigned Subscriber, or any other purchaser for whom it is acting hereunder, is resident in or otherwise subject to applicable securities laws of a member state (“**Member State**”) of the European Economic Area (“**EEA**”) which has implemented Directive 2003/71/EC (the “**Prospectus Directive**”) other than the United Kingdom, the Subscriber (as principal for its own account or acting as agent for a Disclosed Beneficial Purchaser who is disclosed on the face page of the Subscription Agreement) represents and warrants that it is either:
 - (a) (1) a qualified investor within the meaning of the law in that Member State of the EEA which implements Article 2(1)(e) of the Prospectus Directive; and (2) is not acting as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, or, if so acting (i) the Shares which it proposes to acquire are not being acquired on behalf of, nor are they being acquired with a view to their offer or resale to, persons in a Member State of the EEA other than qualified investors as defined in the Prospectus Directive or persons who have agreed to purchase at least €50,000 worth of Shares; or (ii) where it proposes to acquire Shares on behalf of persons in a Member State of the EEA other than qualified investors or persons who have agreed to purchase at least €50,000 worth of Shares, the offer of those Shares to it is not treated under the Prospectus Directive as having been made to such persons; or
 - (b) not a qualified investor within the meaning of the law in that Member State of the EEA which implements Article 2(1)(e) of the Prospectus Directive; and is purchasing at least €50,000 worth of Shares.(collectively, a “**permitted participant**”).
4. If the undersigned Subscriber, or any other purchaser for whom it is acting hereunder, is resident in or otherwise subject to applicable securities laws of the United Kingdom:
 - (a) the Subscriber is either: (i) purchasing the Shares as principal for its own account, (ii) acting as agent for a Disclosed Beneficial Purchaser who is disclosed on the face page of the Subscription Agreement and who is

purchasing the Shares as principal for its own account; or (iii) purchasing the Shares on behalf of discretionary client(s) in circumstances where section 86(2) of the *Financial Services and Markets Act 2000* (“FSMA”) applies;

- (b) the Subscriber (and if the undersigned Subscriber is purchasing as agent for a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser) is a person in the United Kingdom who: (i) is a permitted participant, (ii) is a “qualified investor” for the purposes of section 86(7) of the FSMA, (iii) is such a person as is referred to in Article 19 (investment professionals) or Article 49 (high net worth companies, unincorporated associations, etc.) of the *Financial Services and Markets Act 2000* (Financial Promotion) Order 2005; and (iv) has complied with and undertakes to comply with all applicable provisions of the FSMA and other applicable securities laws with respect to anything done by it in relation to the Shares in, from or otherwise involving the United Kingdom; and
 - (c) it confirms that, to the extent applicable to it, it is aware of, has complied and will comply with its obligations in connection with the *Criminal Justice Act 1993*, the *Proceeds of Crime Act 2002* and Part VIII of the FSMA, it has identified its clients in accordance with the Money Laundering Regulations 2003 (the “Regulations”) and has complied fully with its obligations pursuant to the Regulations and will, as a condition precedent of any acceptance of this subscription, provide all such information and documents as may be required in relation to it (or any person on whose behalf it is acting as agent) that may be required by the Corporation or any agent or person acting for it in order to discharge any obligations under the Regulations.
5. The purchase of Shares by the Subscriber, and any other purchaser for whom it is acting hereunder, does not contravene any of the applicable securities laws in the Foreign Jurisdiction or any other securities laws to which the Subscriber and (if applicable) any other purchaser for whom the Subscriber is acting hereunder are otherwise subject and does not result in: (i) any obligation of the Corporation to prepare and file a prospectus, an offering memorandum or similar document; or (ii) any obligation of the Corporation to make any filings with or seek any approvals of any kind from any regulatory body in such jurisdiction or any other ongoing reporting requirements with respect to such purchase or otherwise; or (iii) any registration or other obligation on the part of the Corporation under the applicable securities laws in the Foreign Jurisdiction or any other securities laws to which the Subscriber and (if applicable) any other purchaser for whom the Subscriber is acting hereunder are otherwise subject.
 6. The Shares are being acquired for investment purposes only and not with a view to the resale or distribution of all or any of the Shares.
 7. The Subscriber, and any other purchaser for whom it is acting hereunder, are knowledgeable of, and have been independently advised as to, the securities laws of the Foreign Jurisdiction or any other securities laws to which the Subscriber and (if applicable) any other purchaser for whom the Subscriber is acting hereunder are otherwise subject.
 8. Upon execution of this Exhibit 6 by the undersigned Subscriber, this Exhibit 6 shall be incorporated into and form a part of the Subscription Agreement.

[Signature follows on next page]

Dated: _____

Print Name of Subscriber

By: _____
Signature

Print Name of Signatory (if different from the Subscriber)

Title

EXHIBIT 7

CONTACT INFORMATION FOR APPLICABLE CANADIAN PROVINCIAL AND TERRITORIAL SECURITIES REGULATORY AUTHORITIES

Alberta

Alberta Securities Commission
Suite 600, 250 - 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Facsimile: (403) 297-2082

British Columbia

British Columbia Securities Commission
701 West Georgia Street
P.O. Box 10142, Pacific Centre
Vancouver, British Columbia V7Y 1L2
Telephone: (604) 899-6854
Facsimile: (604) 899-6581

Manitoba

The Manitoba Securities Commission
500 — 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2548
Facsimile: (204) 945-0330

New Brunswick

Financial and Consumer Services Commission
85 Charlotte Street, Suite 200
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Facsimile: (506) 658-3059

Newfoundland & Labrador

Government of Newfoundland and Labrador
Financial Services Regulation Division
2nd Floor, West Block, Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-4189
Facsimile: (709) 729-6187

Nova Scotia

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 1P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625

Northwest Territories

Government of the Northwest Territories
Office of the Superintendent of Securities
P.O. Box 1320
Yellowknife, Northwest Territories X1A 2L9
Telephone: (867) 920-8984
Facsimile: (867) 873-0243

Nunavut Territory

Legal Registries Division
1st Floor, Brown Building
P.O. Box 1000 — Station 570
Iqaluit, Nunavut X0A 0H0
Telephone: (867) 975-6590
Facsimile: (867) 975-6594

Ontario

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Facsimile: (416) 593-8122

Prince Edward Island

Securities Office
95 Rochford Street, 4th Floor, Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283

Québec

Autorité des marchés financiers
800, square Victoria, 22^e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337
Facsimile: (514) 864-6381

Saskatchewan

Financial and Consumer Affairs Authority
Suite 601, 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5879
Facsimile: (306) 787-5899

Yukon Territory

Government of Yukon Department of Community Services
Law Centre, 3rd Floor
2130 Second Avenue
Whitehorse, Yukon Territory Y1A 5H6
Telephone: (867) 667-5314
Facsimile: (867) 393-6251

**This is Exhibit "S" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square, black-and-white image of a handwritten signature, appearing to be the initials 'mf'.

A COMMISSIONER FOR TAKING AFFIDAVITS

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT (the “**Agreement**”) is made as of September 28, 2021 between **CANNAPIECE CORP.**, a corporation incorporated under the Act (“**CPC**”) and **CANNAPIECE GROUP INC.**, a corporation incorporated under the Act (“**CPG**” and, together with CPC, “**CannaPiece**”), on the one hand, and **2125028 ONTARIO INC.**, a corporation incorporated under the Act (“**2125028**”), on the other hand (collectively, the “**Parties**” and individually, a “**Party**”).

WHEREAS CPC is a wholly-owned subsidiary of CPG and CPG is a non-reporting, non-private issuer under Securities Laws (as defined below),

AND WHEREAS CPC and 2125028 are parties to an arrangement letter dated May 27, 2020 (the “**Arrangement Letter**”),

AND WHEREAS pursuant to a Settlement Agreement dated as of September 8, 2021, 2125028 agreed to purchase, and CPG agreed to sell and issue to 2125028, 925,926 Common Shares in the capital of CPG and in consideration thereof, 2125028 cancelled the Arrangement Letter Arrears and Indebtedness (as defined therein) in the amount of \$1,500,000,

AND WHEREAS, pursuant to the Arrangement Letter, as at the date hereof CPC remains obligated to pay 2125028 additional arrangement fees in the aggregate amount of \$4,500,000 (the “**Arrangement Letter Indebtedness**”),

AND WHEREAS as the sole shareholder of CPC, CPG derived certain benefits from CPC entering into the Arrangement Letter;

AND WHEREAS the Parties have agreed to a resolution whereby the Arrangement Letter Indebtedness will be satisfied by CPG issuing shares to 2125028,

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the premises, covenants, and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties covenant and agree with each other as follows:

1. Purchase and Sale of Common Shares.

1.1. Sale and Issuance of Common Shares.

- a. Subject to the terms and conditions of this Agreement, 2125028 agrees to purchase at the Closing (as defined below) and CPG agrees to sell and issue to 2125028 at the Closing 2,777,778 Common Shares in the capital of CPG (the “**Shares**”).
- b. As consideration for the issuance of the Shares, the Arrangement Letter Indebtedness will be cancelled, paid and satisfied in full, and CannaPiece will have no obligation to pay 2125028 any further arrangement fees pursuant to the Arrangement Letter. CPG shall add an amount equal to the Arrangement Letter Indebtedness to the stated capital account maintained for the Common Shares of CPG. The subscription price for the Shares is confirmed to be \$1.62 per share.

- c. Nothing in this Agreement shall act as a waiver, novation, or forgiveness of any other indebtedness, obligations, or liabilities of CPC to 2125028 arising under the Arrangement Letter or any other agreement, document, or other instrument (written or verbal) between CPC and/or CPG and 2125028.

1.2. Closing; Delivery.

- a. The purchase and sale of the Shares shall take place remotely via the exchange of documents and signatures contemporaneously with the execution of this Agreement (which time and place are designated as the "**Closing**").
- b. At the Closing, CPG shall deliver to 2125028 a certificate representing the Shares against payment of the purchase price therefor by cancellation of the Arrangement Letter Indebtedness.

2. **Defined Terms Used in this Agreement.**

- 2.1. The following terms used in this Agreement have the meanings set forth or referenced below.

- a. "**2125028**" has the meaning set out above.
- b. "**Act**" means the *Business Corporations Act (Ontario)*.
- c. "**Agreement**" means this Settlement Agreement.
- d. "**Arrangement Letter**" has the meaning set out above.
- e. "**Arrangement Letter Indebtedness**" has the meaning set out above.
- f. "**Business Day**" means a day other than a Saturday, a Sunday, or a day that is observed as a statutory or bank holiday in the Province of Ontario.
- g. "**CPC**" has the meaning set out above.
- h. "**CPG**" has the meaning set out above.
- i. "**CannaPiece**" has the meaning set out above.
- j. "**Closing**" has the meaning set out in Section 1.2.a.
- k. "**Common Shares**" has the meaning set out in Section 3.2.
- l. "**Effective Date**" means the date hereof.
- m. "**Founders**" means, collectively, Ahmad (Ray) Rasouli, Afshin Souzankar, Ali Etemadi and Reza Khadem-Shahreza and their respective affiliates and associates have a direct or indirect equity interest in either of CPG or CPC, and each individually a "**Founder**". The definition of "**Founders**" shall also include any family members of the foregoing individuals if and to the extent that they have acquired or may acquire any shares in the capital of CPG for no consideration or nominal consideration.

- n. **"Loss"** means any loss, liability, damage, cost, expense, charge, fine, penalty or assessment, including: (i) the reasonable costs and expenses of any action, suit, proceeding, demand, assessment, judgment, settlement or compromise; (ii) all interest, fines and penalties; and (iii) all professional fees and disbursements on a 100%, complete indemnity basis, and including loss of value.
- o. **"Notice"** has the meaning set out in Section 10.6.
- p. **"Party"** or **"Parties"** has the meaning set out above.
- q. **"Securities Laws"** means the *Securities Act*, R.S.O. 1990, c. S.5 and the policies, orders, instructions, rules, instruments and regulations promulgated or adopted thereunder.
- r. **"Shareholders"** means, collectively, the shareholders of CPG as at the Closing Date, 2125028, and any person who, after the Effective Date, becomes shareholder of CPG.
- s. **"Shareholder Debt"** means all present and future indebtedness owing by CannaPiece to each Tag-Along Shareholder, excluding the secured indebtedness owed by CPC to 2125028.
- t. **"Shares"** has the meaning set out in Section 1.1.a.
- u. **"Subscription Agreement"** means the agreement between CPG and 2125028 dated as of the date of the Closing in the form of Exhibit B attached hereto.
- v. **"Tag-Along Percentage"** has the meaning set out in Section 6.1.
- w. **"Tag-Along Shareholder Number"** means the Tag-Along Percentage multiplied by the number of shares held by a Tag-Along Shareholder who wishes to sell its shares upon receipt of a Tag-Along Notice.
- x. **"Tag-Along Shareholders"** means, collectively, 2125028, Lisa Johnson, Robert Craig Pinheiro, Andrew Pinheiro, Robert David Pinheiro, Kelly Pinheiro, RDP Fulfillment and 940539 Ontario Inc., and each individually a **"Tag-Along Shareholder"**.
- y. **"Tax Act"** means the *Income Tax Act* (Canada).
- z. **"Transaction Agreements"** means, collectively, this Agreement and the Subscription Agreement.

3. Representations and Warranties of CPG.

CPC and CPG jointly and severally hereby represent and warrant to 2125028 that, except as set forth on the Disclosure Schedule attached as Exhibit A to this Agreement, which exceptions are deemed to be part of the representations and warranties made hereunder, the following representations are true and complete as of the date hereof, except as otherwise indicated. The Disclosure Schedule shall be arranged in sections corresponding to the numbered and lettered

sections contained in this Section 3 and the disclosures in any section of the Disclosure Schedule shall qualify other sections in this Section 3 only if it is readily apparent from a reading of the disclosure that such disclosure is applicable to such other sections.

- 3.1. Organization, Good Standing, Corporate Power, and Qualification. Each of CPC and CPG is a corporation duly organized, validly existing, and in good standing under the Act and has all requisite corporate power and authority to carry on its business as presently conducted and as presently proposed to be conducted. Each of CPC and CPG is duly qualified to transact business and is in good standing in each jurisdiction in which it carries on business.
- 3.2. Capitalization.
 - a. The authorized capital of CPG consists, immediately prior to the Closing, of an unlimited number of common shares (the "**Common Shares**"). The outstanding Common Shares have been duly authorized, are fully paid and nonassessable, and were issued in compliance with all Securities Laws.
 - b. The authorized capital of CPC consists, immediately prior to the Closing, of an unlimited number of common shares (the "**CPC Shares**"). The outstanding CPC Shares have been duly authorized, are fully paid and nonassessable, and were issued in compliance with all Securities Laws.
 - c. Section 3.2(c) of the Disclosure Schedule sets forth the capitalization of CPG immediately following the Closing, including the number of shares of the following: (i) issued and outstanding Common Shares; (ii) outstanding share options, including vesting schedule and exercise price; (iii) Common Shares reserved for future award grants under any applicable stock option or other equity incentive plan; and, (iv) warrants or share purchase rights, if any. Except for the securities described in Section 3.2(c) of the Disclosure Schedule, there are no outstanding options, warrants, rights (including conversion or preemptive rights and rights of first refusal or similar rights), or agreements, orally or in writing, to purchase or acquire from CPG any Common Shares or any securities convertible into or exchangeable for Common Shares.
 - d. Immediately prior to Closing, the capitalization of CPC consists of 100 common shares, all of which are legally and beneficially owned by CPG. There are no outstanding options, warrants, rights (including conversion or preemptive rights and rights of first refusal or similar rights), or agreements, orally or in writing, to purchase or acquire from CPC any CPC Shares or any securities convertible into or exchangeable for CPC Shares.
 - e. CPG is not required to obtain any waivers of rights from other parties regarding the purchase by 2125028 of the Shares covered by this Agreement.
- 3.3. Authorization. All corporate action required to be taken by each of CPG's and CPC's board of directors and shareholders to authorize CPG and CPC to enter into the Transaction Agreements, and for CPG to issue the Shares at Closing, has been taken or will be taken prior to the Closing. All action on the part of the officers of CPG and CPC necessary for the execution and delivery of the Transaction Agreements, the performance of all obligations of CPG and CPC under the Transaction Agreements to

be performed as of Closing, and the issuance and delivery of the Shares has been taken or will be taken prior to Closing. The Transaction Agreements, when executed and delivered by CPG and CPC, shall constitute valid and legally binding obligations of CPG and CPC, enforceable against CPG and CPC in accordance with their respective terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other laws of general application relating to or affecting the enforcement of creditors' rights generally, or (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

- 3.4. Valid Issuance of Shares. The Shares, when issued, sold and delivered in accordance with the terms and for the consideration set forth in this Agreement, will be validly issued, fully paid and nonassessable and free of restrictions on transfer other than restrictions on transfer under the Transaction Agreements, CPG's constating documents, Securities Laws and liens or encumbrances created by or imposed by 2125028. Subject to the filings described in Section 3.5 below, the Shares will be issued in compliance with all Securities Laws.
- 3.5. Governmental Consents and Filings. No consent, approval, order, or authorization of, or registration, qualification, designation, declaration, or filing with, any federal or provincial governmental authority is required on the part of CPG or CPC in connection with the consummation of the transactions contemplated by this Agreement other than the filing of an exempt distribution report under applicable Securities Laws following the Closing.
- 3.6. Permits. CannaPiece has all material franchises, permits, licences, and any similar authority necessary for the conduct of its business. CannaPiece is not in default in any material respect under any of such franchises, permits, licences, or other similar authority.
- 3.7. Canadian-Controlled Private Corporation. CPG has been since its incorporation, and will be immediately after Closing, a Canadian-controlled private corporation as defined in the Tax Act.
- 3.8. Litigation. There is no claim, action, suit, proceeding, arbitration, complaint, charge or investigation (a "**Claim**") pending or, to CPG or CPC's knowledge, currently threatened against CPC or CPG, or against any officer, director or Founder of CPC or CPG, that would reasonably be expected to have, either individually or in the aggregate, liabilities to CPG or CPC in the amount equal to or greater than \$50,000. There is no Claim pending or, to CPG or CPC's knowledge, currently threatened against CPG or CPC that questions the validity of the Transaction Agreements or the right of CPG or CPC to enter into them, or to consummate the transactions contemplated by the Transaction Agreements. Neither CPG, CPC nor, to their knowledge, any of their respective officers, directors or Founders is a party or is named as subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality (which, in the case of officers, directors or Founders, relates to CPG or CPC). There is no action, suit, proceeding or investigation by CPG or CPC pending or which CPG or CPC intends to initiate. The foregoing includes, without limitation, actions, suits, proceedings or investigations pending or threatened in writing (or any basis therefor known to CPG or CPC) involving the prior employment of any of CPG or CPC's employees, their services

provided in connection with CPG or CPC's business, any information or techniques allegedly proprietary to any of their former employers or their obligations under any agreements with prior employers.

- 3.9. Compliance with Other Instruments. Other than under the Arrangement Letter, neither CPG or CPC is in violation or default (i) of any provisions of its constating documents, (ii) of any instrument, judgment, order, writ or decree, (iii) under any note, indenture, mortgage or hypothec, (iv) under any lease, agreement, contract or purchase order to which it is a party or by which it is bound, or (v) to its knowledge, of any provision of federal or provincial statute, rule or regulation applicable to CPG or CPC, in all cases the violation of which would have a liability to CPG or CPC in an amount equal to or greater than \$50,000. The execution, delivery and performance of the Transaction Agreements and the consummation of the transactions contemplated by the Transaction Agreements will not result in any such violation or be in conflict with or constitute, with or without the passage of time and giving of notice, either (i) a default under any such provision, instrument, judgment, order, writ, decree, contract or agreement; or (ii) an event that results in the creation of any lien, charge or encumbrance upon any assets of CPG or CPC or the suspension, revocation, forfeiture, or nonrenewal of any material permit or license applicable to CPG or CPC.

4. Conditions to 2125028's Obligations at Closing.

The obligations of 2125028 to purchase Shares at the Closing are subject to the fulfillment, on or before Closing, of each of the following conditions, unless otherwise waived.

- 4.1. Representations and Warranties. The representations and warranties of CPG and CPC contained in Section 3 will be true and correct in all respects as of Closing and shall survive the execution and delivery of this Agreement and the Closing.
- 4.2. Performance. Each of CPG and CPC will have performed and complied with all covenants, agreements, obligations, and conditions contained in this Agreement that are required to be performed or complied with by CPG and CPC on or before Closing.
- 4.3. Officer's Certificate of CPG. A senior officer of CPG will have delivered to 2125028 at the Closing a certificate certifying (i) the constating documents of CPG as in effect at the Closing, (ii) resolutions of the Board of Directors of CPG approving the Transaction Agreements and the transactions contemplated under the Transaction Agreements; (iii) certifying the attached shareholder register of CPG being accurate as of the Closing; and (iv) confirming that the requirements of Sections 4.1 and 4.2 have been satisfied by CPG in all respects.
- 4.4. Officer's Certificate of CPC. A senior officer of CPC will have delivered to 2125028 at the Closing a certificate certifying (i) the constating documents of CPC as in effect at the Closing, (ii) resolutions of the Board of Directors of CPC approving the Transaction Agreements and the transactions contemplated under the Transaction Agreements; (iii) certifying the attached shareholder register of CPC being accurate as of the Closing; and (iv) confirming that the requirements of Sections 4.1 and 4.2 have been satisfied by CPC in all respects.
- 4.5. Opinion of Counsel. 2125028 will have received from BGD Law, counsel for CPG and CPC, an opinion, dated as of the Closing, in form and substance reasonably

acceptable to the 2125028 and its counsel.

The obligation of CPG to issue the Shares at the Closing is subject to the fulfillment, on or before Closing, of each of the following conditions, unless otherwise waived.

- 4.6. Subscription Agreement. 2125028 will have executed and delivered the Subscription Agreement to CPG.

5. Pre-emptive Rights.

Following the Closing, if (i) CPG proposes to issue any shares in its capital or other equity interest convertible into shares of CPG to any person; or (ii) CPC proposes to issue any shares in its capital or other equity interest convertible into shares of CPC to any person other than CPG (collectively, the "**New Shares**") and provided such securities are being offered at a price less than or equal to \$1.62 per Common Share, then the following procedure will apply:

- 5.1. New Shares Notice. CPG or CPC (as applicable) must give notice in writing to 2125028 advising it of the number and class of New Shares proposed to be issued, and the price, terms and conditions of the New Shares offered to the third party (the "**New Shares Notice**"), and offering 2125028 the opportunity to subscribe for the number New Shares in the capital of CPG or CPC (as applicable) as will ensure that 2125028 will maintain its then-current proportionate equity interest in CPG (or its proportionate indirect ownership interest in CPC), which subscription will be on the same terms offered to the third party.
- 5.2. Acceptance Notice. 2125028 will have ten (10) business days after receipt of the New Shares Notice (the "**Acceptance Period**") within which to give CPG or CPC written notice of its intention to purchase New Shares on the terms and conditions set out in the New Shares Notice (the "**Acceptance Notice**"). If 2125028 fails to deliver an Acceptance Notice as provided in this Section 5.2, it will be deemed to have declined the right to purchase New Shares.
- 5.3. New Shares Closing Date. The transaction of purchase and sale contemplated by the New Shares Notice will be completed by 2125028 and CPG no later than five (5) business days after the expiry of the Acceptance Period.
- 5.4. Pre-Emptive Rights Do Not Apply. The pre-emptive rights described in this Section 5 do not apply to any issue by CPG of shares:
- a. under an option or other equity-based right granted by CPG to any employee or consultant of CPG or CPC (other than a Founder), whether prior to or after the date of this Agreement, as part of the compensation to such person for bona fide services provided to CPG or CPC;
 - b. under an option or other equity-based right granted by CPG to any Founder after the date of this Agreement as part of the compensation to such person for bona fide services provided to CPG or CPC, provided that the exercise price or subscription price is not less than \$1.62/share;
 - c. upon the exercise of any option or conversion right granted prior to the date of this Agreement and described in the Disclosure Schedule or in the shareholders'

register of CPG delivered to 2125028 in conjunction with the transaction provided for under this Agreement; or

- d. in connection with the termination of commitments entered into by CPG, CPC and/or their affiliate with third parties (other than any securities to be issued to the Founders in connection with the termination of such commitments), pursuant to which such third parties agreed to lease and occupy a micro-grow unit in a CannaPiece facility.

5.5. Term of Pre-emptive Rights. The pre-emptive rights contemplated by this Section 5 will come into force and effect as of the date of completion of the Subscription Agreement and will continue in force until the earlier of:

- a. the date on which only one Shareholder holds all of the Shares and no other Shareholders have any rights to acquire Shares;
- b. the date on which CPG or CPC is dissolved in accordance with the Act or makes an assignment in bankruptcy or on which a receiving order is issued with respect to CPG or CPC;
- c. the filing of a final prospectus (or similar document, but excluding an offering memorandum) in respect of a public offering of the Shares, or the conclusion of any transaction pursuant to which the shares of CPG are listed for trading on a stock exchange or quotation system in Canada or the United States;
- d. the date on which 2125028 is no longer a shareholder of CPG; or
- e. the date on which CPG and 2125028 mutually agree to terminate the pre-emptive right.

6. Tag-Along Right.

If any Founder becomes entitled to sell or otherwise transfer (in any one or more transactions) more than 10% of the Founder's Shares (the "**Offered Shares**") to a third party, then each Tag-Along Shareholder will have the right (the "**Tag-Along Right**") to participate in the sale to the third party on the following terms and conditions:

- 6.1. Tag-Along Notice. The Founder will immediately notify each Tag-Along Shareholder in writing (the "**Tag-Along Notice**") that each Tag-Along Shareholder has the Tag-Along Right provided under this Section 6 and the percentage of such Founder's shares that are being sold (the "**Tag-Along Percentage**") and the total number of shares that the third party is willing to purchase from such Founder (the "**Tag-Along Total Shares**"). Each Tag-Along Shareholder will be entitled to sell to the third party a number of shares in the capital of CPG equal to: (i) the Tag-Along Shareholder Number of such Tag-Along Shareholder; divided by (ii) the sum of the Tag-Along Shareholder Numbers for all of the Tag-Along Shareholders participating in the sale plus the Tag-Along Total Shares; with the result multiplied by (iii) the Tag-Along Total Shares;
- 6.2. Shareholder Debt. If any Shareholder Debt is outstanding to a Tag-Along Shareholder, that Tag-Along Shareholder's Tag-Along Right will also include the right to require the third party to purchase for cash the same proportion of that Shareholder Debt as

referenced in Section 6.1.

- 6.3. Exercise Notice. Each Tag-Along Shareholder will have 10 business days after receipt of the Tag-Along Notice to exercise its Tag-Along Right by written notice to the Founder specifying the number and class of shares and the amount of Shareholder Debt that each Tag-Along Shareholder elects to sell to the third party.
- 6.4. Tag-Along to Third Party. If a Tag-Along Shareholder exercises its Tag-Along Right, the Founder may not complete the Transfer of the Offered Shares to the third party unless the third party also purchases from the Tag-Along Shareholders the Shares (collectively, the "**Tag-Along Shares**") and Shareholder Debt in respect of which the Tag-Along Right was exercised at the same time and on the same terms and conditions.
- 6.5. Pricing of Shares. The price that the third party must pay to each Tag-Along Shareholder for its Tag-Along Shares will be the price payable per share for the Offered Shares.
- 6.6. Failure to Complete. If the third party does not purchase the Tag-Along Shares and Shareholder Debt, if any, from a Tag-Along Shareholder on the terms and conditions provided for in this Section 6, then the purchase and sale of the Offered Shares from the Founder to the third party will not be completed. If the Founder completes the purchase and sale of all or part of the Offered Shares to the third party in violation of this Section 6, then the Tag-Along Shareholder will have, in addition to any other rights or remedies that they may have in law or at equity, the right, by notice in writing, to put their Tag-Along Shares and Shareholder Debt, if any, to the Founder at the prices determined under this Section 6. CPG and CPC shall take all steps and use best efforts to ensure that the Founders comply with the provisions set out in this Section 6.
- 6.7. Term. The term of the Tag Along Right shall be the same as the term of the pre-emptive rights described in Section 5.5 above.

7. Liquidation Events.

- 7.1. Liquidation Events. For the purposes of this Section 7, each of the following events shall be considered a "**Liquidation Event**":
 - a. a liquidation, dissolution or winding-up of either of CPG or CPC, whether voluntary or involuntary, or any other distribution of the assets of CPG or CPC among its shareholders for the purpose of winding up its affairs,
 - b. an amalgamation, arrangement, consolidation, merger, reorganization or similar transaction in which either of CPG or CPC is a constituent party and CPG or CPC issues shares in its capital pursuant to such amalgamation, arrangement, consolidation, merger, reorganization or similar transaction, except any such amalgamation, arrangement, consolidation, merger, reorganization or similar transaction involving CPC in which the shares in the capital of CPC outstanding immediately prior to such amalgamation, arrangement, consolidation, merger, reorganization or similar transaction continue to represent, or are converted into or exchanged for shares that represent, immediately following such amalgamation, arrangement, consolidation, merger, reorganization or similar transaction, at least a majority, by voting power, of the shares in the capital of the surviving or resulting corporation;

- c. the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by either of CPG or CPC of all or substantially all of the assets of CPG or CPC (as applicable), taken as a whole, or
- d. the sale or disposition (whether by sale, amalgamation, arrangement, consolidation, merger, reorganization or otherwise), in a single transaction or a series of related transaction, by CPG of the issued and outstanding shares in the capital of CPC held by CPG.

7.2. Effect of Liquidation Event. Neither CPG nor CPC shall enter into any agreement in respect of, nor consummate, a Liquidation Event referred to in Section 7.1 unless the definitive agreement for such transaction provides (or the Tag-Along Shareholders agree otherwise in their sole discretion) that the Tag-Along Shareholders shall receive at the closing of the Liquidation Event in respect of all of the shares in the capital of CPG held by them, an amount in cash or freely tradeable marketable securities (listed on either the TSX, TSXV, NYSE or equivalent stock exchange) equal to the price per share allocable to the shareholders of CPG based on the proceeds realized in conjunction with the Liquidation Event. For greater certainty, the price per share allocable to the shareholders of CPG will be calculated by taking the proceeds realized (if not paid directly to the shareholders of CPG, then the amounts received by CPG or CPC or any of their affiliates) and dividing such amount by the number of issued and outstanding shares of CPG and multiplying the result by the number of shares of CPG held by the Tag-Along Shareholders, provided that such amount is equal to, or greater than, the fair value of the shares of CPG at the time of such transaction.

7.3. Term. The term of the rights described in this provision shall be the same as the term of the pre-emptive rights described in Section 5.5 above.

8. Indemnification.

CPG and CPC will jointly and severally indemnify and hold harmless Tag-Along Shareholders from any Loss that the Tag-Along Shareholders may suffer as a result of:

- 8.1. any breach of any representation or warranty made by CPG or CPC in this Agreement; and
- 8.2. any non-performance of any covenant or agreement of CPG or CPC contained in this Agreement.

9. Ongoing Covenants

Until the occurrence of any of the events specified in Section 5.5 above, CPG and CPC shall each abide by the following covenants:

- 9.1. CPG and CPC shall furnish 2125028 with a copy of (i) in-house prepared monthly financial statements for both CPG and CPC within 15 days of each month-end, and (ii) most recent annual financial statements for CPG and CPC, audited if applicable, promptly upon availability and in any event within 150 days of each financial year end; and
- 9.2. CPG and CPC shall each furnish 2125028 with a copy of an accurate and up-to-date capitalization table and shareholder register in respect of CPG and CPC at the end of

each calendar quarter. If requested by 2125028, a senior officer of CPG or CPC, as applicable, will deliver to 2125028 a certificate certifying that the capitalization table and shareholder register contemplated by this Section 9.2 are each accurate as of the date on which they are delivered.

10. Miscellaneous.

- 10.1. Survival of Warranties. Unless otherwise set forth in this Agreement, the representations, warranties and covenants of CPG and CPC contained in this Agreement shall survive the execution and delivery of this Agreement and the Closing.
- 10.2. Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the Parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the Parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.
- 10.3. Governing Law. This Agreement shall be governed by the laws of the Province of Ontario without regard to conflict of law principles that would result in the application of any law other than the law of the Province of Ontario and the federal laws of Canada applicable therein.
- 10.4. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with applicable law, e.g., www.docusign.com) or other transmission method and any counterpart so delivered is deemed to have been duly and validly delivered and be valid and effective for all purposes.
- 10.5. Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.
- 10.6. Notices. All notices, requests, consents, claims, demands, waivers, and other communications under this Agreement (each, a "Notice") must be in writing and addressed to the other Party as set out below (or as otherwise specified by a Party in a Notice given in accordance with this Section.) Notices that are sent in accordance with this Section will be deemed to be effectively given: (a) when received, if delivered by hand, with signed confirmation of receipt; (b) when received, if sent by a nationally-recognized overnight courier, signature required; and, (c) when sent, if sent by email during the addressee's normal business hours and on the next Business Day if sent after the addressee's normal business hours.

a. If to CannaPiece:

302-100 Allstate Parkway
Markham, Ontario
L3R 6H3
Attention: Afshin Souzankar, CEO
Email: afshin@cannapiece.ca

With a copy to:

Attention: Jennifer Quick, General Counsel
Email: jquick@cannapiece.ca

b. If to 2125028:

1725 McPherson Court
Pickering, Ontario
L1W 3E9

Attention: Robert Pinheiro
Email: robert_pinheiro@rdp1.com

With a copy to:

Gowling WLG (Canada) LLP
1 Main St W
Hamilton, Ontario
L8P 4Z5

Attention: Matthijs Van Gaalen
Email: Matthijs.Vangaalen@gowlingwlg.com

- 10.7. Amendments and Waivers. Any term of this Agreement may be amended, terminated, or waived only with the written consent of CannaPiece and 2125028.
- 10.8. Fees and Expenses. At the Closing, CPC shall pay the reasonable fees and expenses of Gowling WLG (Canada) LLP, the counsel for 2125028, up to a maximum amount of CAD\$5,000.00, plus applicable taxes.
- 10.9. Currency. Unless otherwise specified, the word “dollar” and the “\$” sign refer to Canadian currency, and all amounts to be advanced, paid, tendered or calculated under this Agreement are to be advanced, paid, tendered or calculated in Canadian currency.
- 10.10. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.
- 10.11. Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any Party under this Agreement, upon any breach or default of any other Party under this Agreement, shall impair any such right, power, or remedy of such non-breaching or non-defaulting Party or be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; no waiver of any single breach or default shall be deemed to be a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent, or approval of any kind or character on the part of any Party of any breach or default under this Agreement, or any waiver on the part of any Party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this

Agreement or by law or otherwise afforded to any Party, shall be cumulative and not alternative.

- 10.12. Entire Agreement. This Agreement, including all schedules, exhibits, attachments, or appendices hereto, and the Subscription Agreement (which is hereby incorporated by reference), and any amendment thereto, constitute the entire agreement between the Parties and supersede all prior and contemporaneous agreements, understandings, negotiations, and discussions, whether written or oral, with respect to the subject-matter hereof. There are no conditions, covenants, agreements, representations, warranties, or other provisions, express or implied, collateral, statutory, or otherwise, relating to the subject-matter hereof except as provided in this Agreement or the Subscription Agreement.
- 10.13. Dispute Resolution. Any legal suit, action, litigation, or proceeding of any kind whatsoever in any way arising out of, from or relating to this Agreement, including all exhibits, schedules, attachments, and appendices attached to this Agreement, and all contemplated transactions, shall be instituted in the courts of the province of Ontario and each Party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action, litigation, or proceeding. Service of process, summons, notice, or other document by mail to such Party's address set forth herein shall be effective service of process for any suit, action, litigation, or other proceeding brought in any such court. Each Party agrees that a final judgment in any such suit, action, litigation, or proceeding is conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

[signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

CANNAPIECE CORP.

By: Ali Etemadi
Ali Etemadi (Sep 28, 2021 19:51 EDT)
Ali Etemadi
CIO

By: Afshin Souzankar
Afshin Souzankar
CEO

CANNAPIECE GROUP INC.

By: Ali Etemadi
Ali Etemadi (Sep 28, 2021 19:51 EDT)
Ali Etemadi
CIO

By: Afshin Souzankar
Afshin Souzankar
CEO

2125028 ONTARIO INC.

By: _____
Name: Robert Pinheiro
Title: President

Acknowledged and agreed to by the Tag-Along Shareholders:

RDP FULFILLMENT

Per: _____
Authorized Signatory

940539 ONTARIO INC.

Per: _____
Authorized Signatory

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

CANNAPIECE CORP.

By: _____
Ali Etemadi
CIO

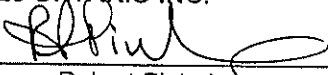
By: _____
Afshin Souzankar
CEO

CANNAPIECE GROUP INC.

By: _____
Ali Etemadi
CIO

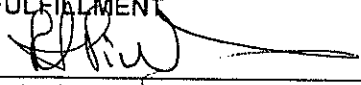
By: _____
Afshin Souzankar
CEO

2125028 ONTARIO INC.


By: 
Name: Robert Pinheiro
Title: President

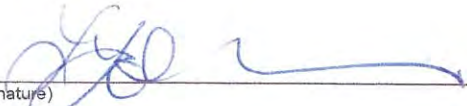
Acknowledged and agreed to by the Tag-Along Shareholders:

RDP FULFILLMENT

Per: 
Authorized Signatory

940539 ONTARIO INC.

Per: 
Authorized Signatory


(Signature)

LISA JOHNSON
(Name)


(Signature)

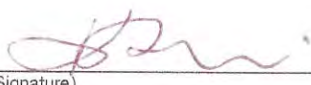
ROBERT CRAIG PINHEIRO
(Name)


(Signature)

ANDREW PINHEIRO
(Name)


(Signature)

ROBERT DAVID PINHEIRO
(Name)


(Signature)

KELLY PINHEIRO
(Name)

[Signature Page to Share Purchase Agreement]

EXHIBITS

Exhibit A - DISCLOSURE SCHEDULE

Exhibit B - SUBSCRIPTION AGREEMENT

EXHIBIT A

DISCLOSURE SCHEDULE

This Disclosure Schedule is made and given pursuant to Section 3 of the Settlement Agreement, dated as of September 28, 2021 (the "**Agreement**"), between **CANNAPIECE CORP.** ("**CPC**") and **CANNAPIECE GROUP INC.** ("**CPG**" and, together with CPC, "**CannaPiece**"), on the one hand, and **2125028 ONTARIO INC.** ("**2125028**"), on the other hand. All capitalized terms used but not defined herein shall have the meanings as defined in the Agreement, unless otherwise provided. The section numbers below correspond to the section numbers of the representations and warranties in the Agreement; provided, however, that any information disclosed under any section number is deemed to be disclosed and incorporated into any other section number under the Agreement where such disclosure would be appropriate and such appropriateness is reasonably apparent from the face of such disclosure. Nothing in this Disclosure Schedule is intended to broaden the scope of any representation or warranty contained in the Agreement or to create any covenant. Inclusion of any item in this Disclosure Schedule (1) does not represent a determination that such item is material or establish a standard of materiality, (2) does not represent a determination that such item did not arise in the ordinary course of business, (3) does not represent a determination that the transactions contemplated by the Agreement require the consent of third parties, and (4) shall not constitute, or be deemed to be, an admission to any third party concerning such item.

Section 3.8 – Litigation

See attached

Exhibit A
Disclosure Schedule
Section 3.08 – Litigation (as at 28Sep2021)

Title/Parties	Court File #	Description	Status	Next Step
CannaPiece Group Inc. and Ovandi Inc.	CV-20-00652705-0000	<p>Plaintiff claiming damages for "breach of contract and misrepresentation" in the amount of \$5,000,000 arising out of an alleged share purchase agreement.</p> <p>CPG has denied all allegations, there being no factual or legal basis for the action. While the parties did have discussions about a potential business relationship, the plaintiff terminated those discussions before an agreement was reached between the parties.</p>	<p>Defence delivered in January 2021.</p> <p>No Reply received.</p> <p>No steps by plaintiff until it advised in July that it wished to amend its claim to add a plaintiff in an attempt to fix its claim.</p> <p>CPG's position is that the amendment will not cure the factual and legal void, but it is an uncontroversial amendment and the plaintiff is within the limitation period (i.e. not worth fighting the amendment at this stage).</p>	<p>Awaiting service of plaintiff's amended claim (on consent), following which CPG will deliver its amended Defence.</p> <p>CPG considering security for costs motion and summary judgment motion thereafter.</p>
CannaPiece Corp. and 1232926 B.C. Ltd.	N/A	<p>As a 06Sep2021, 1232926 had alleged that CPC owed it \$168,623 (plus interest) pursuant to a licensing agreement.</p> <p>Parties now negotiating termination of the agreement.</p>	<p>Parties are holding three days of contract-mandated resolution meetings. If no resolution is achieved, then the parties will proceed to arbitration (having waived their recourse to the courts).</p> <p>During resolution meetings to date, termination of the agreement discussed. 1232926 alleging that it would be owed \$2.4million upon termination.</p> <p>Parties actively negotiating to arrive at an alternative "break fee" (i.e. alternative to full alleged damages) and a payment schedule and to avoid arbitration.</p>	<p>Resolution meetings on September 10, 13, and 29.</p>

<p>CannaPiece Corp. and a former employee</p>	<p>N/A</p>	<p>Administrative assistant employment terminated in May 2021. Former employee has demanded, via counsel, payment of an additional notice period, totalling \$3,942.30.</p>	<p>Demand letter received 18May2021. Discussion held with former employee's counsel. In abeyance/silent for the past 8 weeks.</p>	<p>N/A</p>
<p>CannaPiece Corp. and a former employee</p>	<p>N/A</p>	<p>Production manager employment terminated on July 20, 2021. Employee employed for 6 months, at a salary of approximately \$43,000 (\$21/hour). Employee provided with contractual notice period upon termination. Employee alleging discrimination and wrongful dismissal.</p>	<p>Demand letter received from lawyer at 3:44pm on September 22, 2021, demanding payment of \$63,750 (among other things).</p>	<p>CannaPiece to respond to demand letter.</p>

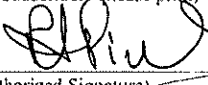
EXHIBIT B

FORM OF SUBSCRIPTION AGREEMENT

SUBSCRIPTION AGREEMENT FOR COMMON SHARES

TO: Cannapiece Group Inc. (the "Corporation")

The undersigned (hereinafter referred to as the "Subscriber") hereby irrevocably subscribes for and agrees to purchase the number of Common Shares ("Shares") in the capital of the Corporation set forth below for the aggregate subscription price set forth below (the "Aggregate Subscription Price"), representing a subscription price of \$1.62 per Share, upon and subject to the terms and conditions set forth in the "Terms and Conditions of Subscription for Shares of Cannapiece Group Inc." attached hereto (together with this page and the attached Exhibits, the "Subscription Agreement"). In addition to this face page, the Subscriber must also complete all applicable Exhibits attached hereto.

2125028 Ontario Inc. _____ (Name of Subscriber - please print)
By:  _____ (Authorized Signature)
President _____ (Official Capacity or Title - please print)
Robert Pinheiro _____ (Please print name of individual whose signature appears above if different than the name of the Subscriber printed above.)
1725 McPherson Court _____ (Subscriber's Residential Address)
Pickering, ON L1W 3E9 _____
905-937-9394 ext. 224 _____ (Telephone Number)
robert_pinheiro@rdpl.com _____ (E-Mail Address)
Register the Shares as set forth below: (if different from above)
_____ (Name)
_____ (Account reference, if applicable)
_____ (Address)
_____ (E-Mail Address)
Is the Subscriber (or the Disclosed Beneficial Purchaser, if applicable), a registrant as that term is defined in the Securities Act (Ontario) (check one): Yes No If no indication is made, the Subscriber represents that the Subscriber (or the Disclosed Beneficial Principal, if applicable) is not a registrant.

Number of Common Shares: <u>2,777,778</u>

Aggregate Subscription Price: \$4,500,000.00 (No. of Shares x \$1.62 per Share)

Disclosed Beneficial Purchaser Information: If the Subscriber is signing as agent for a principal pursuant to section 2(h)(i) (the "Disclosed Beneficial Purchaser"), complete the following and ensure that Exhibit 1 (and Exhibit 2, if applicable) is completed on behalf of such Disclosed Beneficial Purchaser or initial the applicable paragraph (ii) or (iii) of section 2(g) (and ensure that Exhibits 3, 4, 5 or 6, as applicable, are completed) on behalf of such Disclosed Beneficial Purchaser: _____ (Name of Disclosed Beneficial Purchaser) _____ (Disclosed Beneficial Purchaser's Residential Address) _____ (Disclosed Beneficial Purchaser's Telephone Number and E-mail)
--

Deliver the Shares as set forth below: (if different from above)
_____ (Name)
_____ (Account reference, if applicable)
_____ (Contact Name)
_____ (Address)

Is the Subscriber (or the Disclosed Beneficial Purchaser, if applicable) an insider of the Corporation as that term is defined in the Securities Act (Ontario) (check one): Yes No If no indication is made, the Subscriber represents that the Subscriber (or the Disclosed Beneficial Principal, if applicable) is not an insider.
--

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

Dated: September 28, 2021

Cannapiece Group Inc.

By: *Afshin Souzankar*

Name: Afshin Souzankar

Title: Chief Executive Officer

**TERMS AND CONDITIONS OF SUBSCRIPTION FOR
SHARES OF CANNAPIECE GROUP INC.**

Terms of the Offering

1. The Corporation's acceptance of the Subscriber's subscription for the Shares and the issuance and sale of the Shares to the Subscriber pursuant hereto is conditional upon: (i) the completion and delivery of all documentation relating to this subscription, in form and substance reasonably satisfactory to counsel for the Corporation; (ii) satisfaction of the Aggregate Subscription Price in full in the manner provided herein; (iii) the Subscriber's subscription being approved by resolution of the Corporation's board of directors; and (iv) such issue and sale being exempt from the prospectus and registration requirements of applicable securities laws.

Representations, Warranties and Covenants of the Subscriber

2. The Subscriber (on its own behalf and, if applicable, on behalf of each Disclosed Beneficial Purchaser) represents, warrants and covenants to the Corporation and its counsel (and acknowledges that the Corporation and its counsel are relying thereon) that both at the date hereof and at the Closing Date (as defined herein):

- (a) it understands that an investment in the Shares is highly speculative and that such investment should be made only by those who have sufficient financial resources to afford a total loss of their investment;
- (b) it has been independently advised as to restrictions with respect to trading in the Shares imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Corporation with respect thereto other than as set forth herein, acknowledges that it is aware of the characteristics of the Shares, the risks relating to an investment therein and of the fact that it may not be able to resell the Shares except in accordance with the limited exemptions under applicable securities laws and regulatory policy until expiry of the applicable restricted period and compliance with the other requirements of applicable law; and it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it and that it is the Subscriber's responsibility to comply with such restrictions before selling the Shares;
- (c) it acknowledges that the Corporation is not now a "reporting issuer" under the securities laws of any province or territory in Canada, that the Corporation has no obligation to become a reporting issuer and that there is no guarantee that it will become a reporting issuer in the future; and the Subscriber further acknowledges that as a result of the Corporation not being a reporting issuer the Shares will be subject to an indefinite "restricted period" under applicable Canadian securities laws of 4 months from the later of the Closing Date and the date the Corporation becomes a reporting issuer under the securities laws of any province or territory of Canada, during which time the Subscriber may not trade the Shares without filing a prospectus or being able to rely on one of the limited exemptions from the requirement to file a prospectus under applicable securities laws, and the Subscriber acknowledges that the certificate representing the Shares will bear the following legend:

"Unless permitted under securities legislation, the holder of this security must not trade the security before the date that is 4 months and a day after the later of (i) [Closing Date] and (ii) the date the issuer became a reporting issuer in any province or territory";

- (d) it has not received or been provided with, nor has it requested, nor does it have any need to receive, any offering memorandum, any prospectus, sales or advertising literature, or any other document (other than required by law) describing or purporting to describe the business and affairs of the Corporation which has been prepared for delivery to, and review by, prospective purchasers in order to assist them in making an investment decision in respect of the Shares, other than a copy of the Corporation's investor slide presentation;
- (e) if the Subscriber is a U.S. Purchaser, it has not become aware of nor has it purchased the Shares as a result of: (i) a general solicitation; (ii) any advertisement in printed media of general and regular paid circulation (or other printed media), radio, television or telecommunications or other form of advertisement (including

electronic display and the internet); or (ii) any seminar or meeting whose attendees have been invited by general solicitation or general advertising;

- (f) it understands that the Shares are being offered for sale only on a “private placement” basis and that the sale and delivery of the Shares is conditional upon such sale being exempt from the requirements under applicable securities laws as to the filing or delivering of a prospectus, or relying upon exemptions from prospectus requirements that do not involve the delivery of an offering memorandum or upon the issuance of such orders, consents or approvals as may be required to permit such sale without the requirement of filing or delivering a prospectus or offering memorandum and, as a consequence: (i) the Subscriber is restricted from using most of the civil remedies available under securities legislation; (ii) the common law may not provide it with an adequate remedy in the event that it suffers a loss in connection with this subscription; (iii) the Subscriber may not receive information that would otherwise be required to be provided to it under securities legislation; and (iv) the Corporation is relieved from certain obligations that would otherwise apply under securities legislation;
- (g) if it is a resident of Canada and unless it is purchasing under section 2(h), it is purchasing the Shares as principal for its own account, not for the benefit of any other person, for investment only and not with a view to the resale or distribution of all or any of the Shares, it is resident in the jurisdiction as set out as the “Subscriber’s Residential Address” on the face page hereof and it fully complies with one or more of the criteria set forth below:
- (i) it is an “accredited investor”, as such term is defined in National Instrument 45-106, *Prospectus Exemptions* (“NI 45-106”) promulgated under Canadian securities legislation, or for residents of Ontario, Section 73.3 of the *Securities Act* (Ontario), it was not created and is not being used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of “accredited investor” in NI 45-106 and has concurrently executed and delivered a Representation Letter attached as Exhibit 1 to this Subscription Agreement and specifically represents and warrants that one or more of the categories set forth in Appendix A attached to the Representation Letter correctly, and in all respects, describes the Subscriber, and will describe the Subscriber as at the Closing Date, and the Subscriber has so indicated by initialling or placing a checkmark next to the category in such Appendix A which so describes it, and if the Subscriber is an individual described in paragraphs (j), (k) or (l) of the definition of “accredited investor” (and is not described in paragraph (j.1) of the definition of “Accredited Investor”), then the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 2 to this Subscription Agreement;
- (ii) it is one of the following and the Subscriber has so indicated by initialling or placing a checkmark next to the applicable paragraph below:
- _____ (I) a “director”, “executive officer” or “control person” (as such terms are defined in NI 45-106 or under applicable securities laws and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) of the Corporation, or of an “affiliate” (as defined under applicable securities laws and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) of the Corporation **and if the Subscriber is resident in Ontario, it is not an investment fund (as defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) and the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 4 to this Subscription Agreement; or**
- _____ (II) a “spouse” (as such term is defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement), parent, grandparent, brother, sister, child or grandchild of any person referred to in paragraph (I) above and if the Subscriber is resident in Ontario, it is not an investment fund (as defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement), **or, if the Subscriber is resident in Ontario, as defined in the**

Securities Act (Ontario), and the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 4 to this Subscription Agreement; or

- _____ (III) a parent, grandparent, brother, sister, child or grandchild of the spouse of any person referred to in paragraph (I) above **and if the Subscriber is resident in Ontario, it is not an investment fund and the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 4 to this Subscription Agreement; or**
- _____ (IV) a “close personal friend” of any person referred to in paragraph (I) above and, if requested by the Corporation, will provide a signed statement describing the relationship with any such persons. For the purposes of this paragraph (IV), “close personal friend” means that the Subscriber has known such individual well enough and for a sufficient period of time and in a sufficiently close relationship (where such relationship is direct and extends beyond being a relative or a member of the same club, organization, association or religious group, a co-worker, colleague or associate at the same workplace, a client, customer or former client or former customer, a mere acquaintance, being connected through some form of social media, such as Facebook, Twitter or LinkedIn or being a close personal friend of a close personal friend of such individual) to be in a position to assess the capabilities and the trustworthiness of such individual and to obtain information from them with respect to the investment **and if the Subscriber is resident in Saskatchewan, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 3 to this Subscription Agreement or if the Subscriber is resident in Ontario, it is not an investment fund and the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 4 to this Subscription Agreement; or**
- _____ (V) a “close business associate” of any person referred to in paragraph (I) above and, if requested by the Corporation, will provide a signed statement describing the relationship with any of such persons. For the purposes of this paragraph (V) “close business associate” means that the Subscriber has had sufficient prior business dealings with such individual (where such relationship is direct and extends beyond being a casual business associate or a person introduced or solicited for the purpose of purchasing securities or a member of the same club, organization, association or religious group, a co-worker, colleague or associate at the same workplace, a client, customer or former client or former customer, a mere acquaintance or being connected through some form of social media, such as Facebook, Twitter or LinkedIn or being a close business associate of a close business associate of such individual) to be in a position to assess the capabilities and trustworthiness of such individual and to obtain information from them with respect to the investment **and if the Subscriber is resident in Saskatchewan, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 3 to this Subscription Agreement or if the Subscriber is resident in Ontario, it is not an investment fund and the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 4 to this Subscription Agreement; or**
- _____ (VI) a “founder” (as such term is defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) of the Corporation or a spouse, parent, grandparent, brother, sister, child, grandchild, close personal friend or close business associate of a founder of the Corporation and, if requested by the Corporation, will provide a signed statement describing the relationship

with any of such persons and if the Subscriber is resident in Saskatchewan and is a close personal friend or close business associate of a founder of the Corporation, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 3 to this Subscription Agreement or if the Subscriber is resident in Ontario, it is not an investment fund and the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 4 to this Subscription Agreement; or

_____ (VII) a parent, grandparent, brother, sister, child or grandchild of a spouse of a founder of the Corporation and if the Subscriber is resident in Ontario, it is not an investment fund and the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 4 to this Subscription Agreement; or

_____ (VIII) a person of which a majority of the voting securities are beneficially owned by, or a majority of directors are, persons described in paragraphs (I) through (VII) above and if the Subscriber is resident in Saskatchewan and the trade is based in whole or in part on a close personal friendship or close business association, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 3 to this Subscription Agreement or if the Subscriber is resident in Ontario, it is not an investment fund and the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 4 to this Subscription Agreement; or

_____ (IX) a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons described in paragraphs (I) through (VII) above and if the Subscriber is resident in Saskatchewan and the trade is based in whole or in part on a close personal friendship or close business association, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 3 to this Subscription Agreement or if the Subscriber is resident in Ontario, it is not an investment fund and the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 4 to this Subscription Agreement; or

(iii) it is one of the following and the Subscriber has so indicated by initialling or placing a checkmark next to the applicable paragraph below:

_____ (I) an employee, “**executive officer**”, “**director**” or “**consultant**” (as such terms are defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) of the Corporation and participation in the distribution is “voluntary”, meaning it is not induced to participate in the distribution by expectation of employment or continued employment with, appointment or continued appointment with, or engagement to provide services or continued engagement to provide services to, as applicable, the Corporation or a “**related entity**” (as such term is defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) or in the case of an employee to a consultant, expectation of employment or continued employment with such consultant; or

_____ (II) an employee, “**executive officer**”, “**director**” or “**consultant**” of a “**related entity**” (as such terms are defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) of the Corporation and participation in the trade is voluntary (as defined above); or

- _____ (III) a “permitted assign” (as such term is defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) of a person referred to in paragraphs (I) or (II) and participation in the trade is voluntary (as defined above); and

it confirms that it is eligible to purchase the Shares pursuant to an exemption from the prospectus requirements of applicable securities laws and has completed and delivered to the Corporation the applicable Exhibits described in subsections (g)(i), (g)(ii) and (g)(iii), as applicable, evidencing the Subscriber’s status under applicable securities laws, and:

- (iv) confirms that it complies with the criteria for reliance on the prospectus exemption and the truth and accuracy of all statements made in such Exhibits as of the date of this Subscription Agreement and as of the Closing Date;
 - (v) understands that the Corporation is required to verify that the Subscriber (or if the Subscriber is acting on behalf of a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser) satisfies the relevant criteria to qualify for the prospectus exemption; and
 - (vi) may be required to provide additional information or documentation to evidence compliance with the prospectus exemption;
- (h) if it is a resident of Canada and if it is not purchasing as principal, it is duly authorized to enter into this Subscription Agreement and to execute and deliver all documentation in connection with the purchase on behalf of each Disclosed Beneficial Purchaser, each of whom is purchasing as principal for its own account, not for the benefit of any other person, and not with a view to the resale or distribution of all or any of the Shares, it acknowledges that the Corporation may be required by law to disclose to certain regulatory authorities the identity of each Disclosed Beneficial Purchaser, and it and each Disclosed Beneficial Purchaser is resident in the jurisdiction set out as the “Subscriber’s Residential Address” or the “Disclosed Beneficial Purchaser’s Residential Address”, as applicable and:
- (i) it is acting as agent for a Disclosed Beneficial Purchaser, who is disclosed on the face page of this Subscription Agreement, who is resident in the jurisdiction set out as the “Disclosed Beneficial Purchaser’s Residential Address” and who complies with paragraphs (i), (ii) or (iii) of section 2(g) hereof as if all references therein were to the Disclosed Beneficial Purchaser rather than to the Subscriber and the Subscriber has concurrently executed and delivered a Representation Letter attached as Exhibit 1 to this Subscription Agreement on behalf of such Disclosed Beneficial Purchaser (and executed and delivered Exhibit 2, if applicable) or initialled or placed a checkmark next to the appropriate paragraph (ii) or (iii) of section 2(g) hereof (and executed and delivered Exhibit 3 and/or 4, if applicable) on behalf of such Disclosed Beneficial Purchaser; or
 - (ii) it is deemed to be purchasing as principal under NI 45-106 because it is an “accredited investor” as such term is defined in paragraphs (p) or (q) of the definition of “accredited investor” in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement (provided, however, that it is not a trust company or trust corporation registered under the laws of Prince Edward Island that is not registered or authorized under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in another jurisdiction of Canada) and has concurrently executed and delivered a Representation Letter attached as Exhibit 1 to this Subscription Agreement and has initialled or placed a checkmark in Appendix A thereto indicating that the Subscriber satisfies one of the categories of “accredited investor” set out in paragraphs (p) or (q) of Appendix A thereto;
- (i) if it (or any Disclosed Beneficial Purchaser) is resident in or otherwise subject to the applicable securities laws of a jurisdiction outside of Canada, other than the United States, it has concurrently executed and delivered an Offshore Representation Letter attached as Exhibit 6 to this Subscription Agreement, confirms the truth and accuracy of all statements made in such Offshore Representation Letter as of the date of this Subscription Agreement and as of the Closing Date and will provide such evidence of compliance with all matters described in such Offshore Representation Letter as the Corporation or its counsel may request;

- (j) it acknowledges and agrees that:
- (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Shares;
 - (ii) there is no government or other insurance covering the Shares;
 - (iii) an investment in the Shares is speculative and involves a high degree of risk and the Subscriber may lose his, her or its entire investment;
 - (iv) there are restrictions on the Subscriber's ability to resell the Shares and it is the responsibility of the Subscriber to find out what those restrictions are and to comply with them before selling the Shares;
 - (v) the Corporation has advised the Subscriber that the Corporation is relying on an exemption from the requirements to provide the Subscriber with a prospectus under applicable Canadian securities laws and, as a consequence of acquiring securities pursuant to this exemption: (i) certain protections, rights and remedies provided by the applicable Canadian securities laws, including statutory protections, rights and remedies available under applicable securities laws, will not be available to the Subscriber; (ii) the Subscriber will not receive a prospectus or continuous disclosure information that would otherwise be required to be provided under applicable securities laws; and (iii) the Corporation is relieved from certain obligations that would otherwise apply under prospectus requirements of applicable securities laws;
 - (vi) the Shares are not qualified for distribution under a prospectus in any jurisdiction and the Corporation is not a "reporting issuer" (or equivalent thereof) in any jurisdiction;
 - (vii) the Corporation does not make any representation or warranty to the Subscriber regarding the Shares being qualified investments under the *Income Tax Act* (Canada) for registered accounts;
 - (viii) the Shares are not listed on any stock exchange or market and there is no public or other market for the Shares;
 - (ix) the certificate representing the Shares will be endorsed with a legend stating that the Shares will be subject to restrictions on resale in accordance with applicable securities legislation; and
 - (x) the Corporation may complete additional financings in the future in order to develop the proposed business of the Corporation and to fund its ongoing development. There is no assurance that such financings will be available and if available, on reasonable terms. Any such future financings may have a dilutive effect on existing shareholders, including the Subscriber. If such future financings are not available, the Corporation may be unable to fund its ongoing development and the lack of capital resources may result in the failure of its business venture;
- (k) if the Subscriber is a U.S. Purchaser, then it understands and acknowledges that the Shares and any certificates representing the Shares, and all certificates issued in exchange for or in substitution of such certificates, will bear, or be deemed to bear, the following legend upon the original issuance and until the legend is no longer required under applicable requirements of the United States Securities Act of 1933, as amended (the "1933 Act") or applicable state securities laws:

"The securities represented by this certificate have not been and will not be registered under the United States Securities Act of 1933, as amended, or the securities laws of any state of the United States or any other jurisdiction. These securities may not be offered, sold, pledged, or otherwise transferred in the absence of an effective registration statement for the securities under applicable securities laws, except pursuant to an available exemption from registration in compliance with such laws."

provided that, if any of the Shares are being sold in accordance with Rule 904 of Regulation S, the legend may be removed by (i) providing to the Corporation a declaration in a form acceptable to the Corporation; and (ii) if required by the Corporation an opinion of counsel, of recognized standing reasonably satisfactory to the Corporation, or other evidence reasonably satisfactory to the Corporation, that the proposed transfer may be effected without registration under the 1933 Act; and provided, further, that, if any such Shares are being sold under Rule 144 under the 1933 Act, the legend may be removed by delivering to the Corporation, an opinion of counsel of recognized standing reasonably satisfactory to the Corporation, that the legend is no longer required under applicable requirements of the 1933 Act or state securities laws;

- (l) if the Subscriber is a U.S. Purchaser, then the Subscriber on its own behalf and, if applicable, on behalf of others for whom it is hereby acting, represents or understands, as applicable, that:
- (i) the Shares have not been and will not be registered under the 1933 Act, or any state securities laws, and that the sale contemplated hereby is being made in reliance on a private placement exemption to U.S. Accredited Investors and similar exemptions under state securities laws;
 - (ii) it is eligible to purchase the Shares pursuant to an exemption from the registration requirements of the 1933 Act. The Subscriber has completed and delivered to the Corporation the U.S. Accredited Investor Certificate in Exhibit 5 evidencing the Subscriber's (and any Disclosed Beneficial Purchaser's) status as an "accredited investor" that meets the criteria in Rule 501(a) of Regulation D under the 1933 Act (the "U.S. Accredited Investor") and confirms the truth and accuracy of all statements made in such certificate as of the date of this Subscription Agreement and as of the Closing Date;
 - (iii) the Subscriber is acquiring the Shares for its own account or for the account of one or more U.S. Accredited Investors as to which it exercises sole investment discretion, and not with a view to any resale, distribution or other disposition thereof in violation of the registration requirements of the U.S. federal securities laws or state securities laws;
 - (iv) the financial statements of the Corporation have been, or will be, prepared in accordance with Canadian generally accepted accounting principles or International Financial Reporting Standards, as issued by the International Accounting Standards Board, which differ in some respects from United States generally accepted accounting principles, and thus may not be comparable to financial statements of United States companies;
 - (v) the Subscriber has not purchased the Shares as a result of any "directed selling efforts" (as defined in Regulation S under the 1933 Act) and is not purchasing the Shares as a result of "general solicitation" or "general advertising" (as such terms are used in Regulation D under the 1933 Act), including without limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or on the internet, or broadcast over radio or television or on the internet, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
 - (vi) there may be material tax consequences to it resulting from an acquisition, holding, conversion or disposition of the Shares. The Corporation gives no opinion and makes no representation with respect to the tax consequences to the Subscriber under United States, state, local or foreign tax law of its acquisition, holding, conversion or disposition of the Shares, and the Subscriber acknowledges that it is solely responsible for determining the tax consequences to it with respect to its investment, including whether the Corporation will at any given time be deemed a "passive foreign investment company" within the meaning of Section 1297 of the United States Internal Revenue Code of 1986, as amended;
 - (vii) the Shares will be "restricted securities" within the meaning of Rule 144(a)(3) under the 1933 Act, and therefore may not be offered or sold by it, except in compliance with 2(l)(viii), below and that the certificates representing the Shares will contain a legend in respect of such restrictions as set out in 2(k), as applicable;

- (viii) if the Subscriber decides to offer, sell or otherwise transfer any of the Shares, it will only offer, sell or otherwise transfer any of such Shares (A) to the Corporation, (B) outside the United States, in compliance with Rule 904 of Regulation S, as applicable, and in compliance with applicable local laws and regulations, (C) pursuant to the exemption from the registration requirements of the 1933 Act provided by (i) Rule 144 or (ii) Rule 144A thereunder, if available, and in accordance with any applicable state securities laws, (D) in a transaction that does not require registration under the 1933 Act or any applicable United States state securities laws, or (E) pursuant to a registration statement declared effective by the United States Securities and Exchange Commission (the "SEC"), and, in the case of each of (C)(i) and (D) it has prior to such sale furnished to the Corporation an opinion of counsel reasonably satisfactory to the Corporation stating that such transaction is exempt from registration under the 1933 Act and applicable state securities laws;
- (ix) with respect to the Shares, that: (i) if the Corporation is determined as of the issuance date of the Shares to be an issuer that is, or that has been at any time prior to the issuance date of the Shares, an issuer with no or nominal operations and no or nominal assets other than cash and cash equivalents, Rule 144 under the 1933 Act may not be available for re-sales of the Shares; and (ii) the Corporation is not obligated to take, and has no present intention of taking, any action to make Rule 144 under the 1933 Act (or any other exemption) available for re-sales of the Shares;
- (x) it consents to the Corporation making a notation on its records in order to implement the restrictions on transfer set forth and described in 2(l)(viii);
- (xi) the Corporation has no obligation to register, and has no present intention to register, the resale of any of the Shares under the 1933 Act. Accordingly, the Subscriber understands that absent registration, under the rules of the SEC, the Subscriber may be required to hold the Shares indefinitely or to transfer the Shares in transactions which are exempt from registration under the 1933 Act, in which event the transferee may acquire "restricted securities" subject to the same limitations as in the hands of the Subscriber. As a consequence, the Subscriber understands that it must bear the economic risks of the investment in the Shares for an indefinite period of time;
- (xii) the funds representing the Aggregate Subscription Price which will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (the "**PATRIOT Act**") and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose the Subscriber's name and other information relating to the subscription agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PATRIOT Act. No portion of the Aggregate Subscription Price to be provided by the Subscriber: (i) has been or will be derived from or related to any activity that is deemed criminal under the laws of the United States, or any other jurisdiction; or (ii) is being tendered on behalf of a person or entity who has not been identified to or by the Subscriber, and it shall promptly notify the Corporation if the Subscriber discovers that any of such representations ceases to be true and provide the Corporation with appropriate information in connection therewith; and
- (xiii) the Subscriber's ability to enforce civil liabilities under the United States federal securities laws may be affected adversely by, among other things: (i) the fact that the Corporation is not organized under the laws of the United States; (ii) some or all of the directors and officers of the Corporation may be residents of countries other than the United States; and (iii) all or a substantial portion of the assets of the Corporation and such persons may be located outside the United States. Consequently, it may be difficult to provide service of process on the Corporation and it may be difficult to enforce any judgment of United States courts predicated upon civil liability of the Corporation and such directors or officers under the United States federal securities laws;
- (m) it understands and acknowledges that the Corporation: (i) is under no obligation to be or to remain a "foreign issuer", as such term is defined in the 1933 Act; (ii) may not, at the time the Subscriber sells the Shares or at any other time, be a foreign issuer; and (iii) may engage in one or more transactions that could cause the Corporation not to be a foreign issuer;

- (n) if it is not a natural person, it has a bona fide business purpose other than the investment in the Shares and was not created, formed or established solely or primarily to acquire securities, or to permit purchases of securities without a prospectus, in reliance on an exemption from the prospectus requirements of applicable securities legislation;
- (o) if it is not a natural person, it has the legal capacity to enter into and be bound by this Subscription Agreement and further certifies that all necessary approvals of directors, trustees, fiduciaries, shareholders, partners, stakeholders, holders of voting securities or otherwise have been given and obtained;
- (p) if it is a natural person, it is of the full age of majority and is legally competent to execute this Subscription Agreement and take all action pursuant hereto;
- (q) the entering into of this Subscription Agreement and the transactions contemplated hereby will not result in a violation of any of the terms or provisions of any law applicable to the Subscriber (or any Disclosed Beneficial Purchaser), or if the Subscriber (or any Disclosed Beneficial Purchaser) is not a natural person, any of such person's constating documents, or any agreement to which such person is a party or by which it is bound;
- (r) this Subscription Agreement has been duly and validly authorized, executed and delivered by and constitutes a legal, valid, binding and enforceable obligation of the Subscriber;
- (s) in the case of a subscription by it for Shares acting as agent for a Disclosed Beneficial Purchaser, it is duly authorized to execute and deliver this Subscription Agreement and all other necessary documentation in connection with such subscription on behalf of such Disclosed Beneficial Purchaser and this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of, and constitutes a legal, valid and binding agreement of, such Disclosed Beneficial Purchaser;
- (t) it has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Shares and is able to, and agrees to, bear the economic risk of loss of its investment or, where it is not purchasing as principal, each Disclosed Beneficial Purchaser is able to, and agrees to, bear the economic risk of loss of its investment; and further acknowledges that the business and operations of the Corporation are subject to a number of risk factors and an investment in the Shares involves a high degree of risk and should be considered speculative;
- (u) except for the Corporation's investor slide presentation provided to the Subscriber, it has relied solely upon publicly available information relating to the Corporation and not upon any verbal or written representation as to fact or otherwise made by or on behalf of the Corporation;
- (v) the Subscriber does not act jointly or in concert with any other person or company for the purpose of acquiring securities of the Corporation;
- (w) it acknowledges that the Corporation's counsel is acting as counsel to the Corporation and not as counsel to the Subscriber (or any Disclosed Beneficial Purchaser);
- (x) if required by applicable securities legislation, regulations, rules, policies or orders or by any securities commission, stock exchange or other regulatory authority, the Subscriber will execute, deliver, file and otherwise assist the Corporation in filing, such reports, undertakings and other documents with respect to the issue of the Shares including, without limitation:
 - (i) this Subscription Agreement;
 - (ii) if the Subscriber, or if applicable, the Disclosed Beneficial Purchaser, is an accredited investor resident in Canada, a fully executed and completed Representation Letter attached as Exhibit I hereto and, if the Subscriber, or if applicable, the Disclosed Beneficial Purchaser, is an individual described in paragraphs (j), (k) or (l) of the definition of "accredited investor" (and is not described

- in paragraph (j.1) of the definition of “accredited investor”), a fully executed and completed Risk Acknowledgment Form attached as Exhibit 2 hereto;
- (iii) if the Subscriber, or if applicable, the Disclosed Beneficial Purchaser, is a resident of Saskatchewan and is purchasing Shares pursuant to section 2(g)(ii) and has initialled or placed a checkmark next to paragraph (IV), (V), (VI), (VIII) or (IX) thereunder, a fully executed and completed Risk Acknowledgment Form attached as Exhibit 3 hereto;
 - (iv) if the Subscriber, or if applicable, the Disclosed Beneficial Purchaser, is a resident of Ontario and is purchasing Shares pursuant to section 2(g)(ii), a fully executed and completed Risk Acknowledgment Form attached as Exhibit 4 hereto;
 - (v) if the Subscriber is resident of the United States, a fully executed and completed U.S. Accredited Investor Certificate attached as Exhibit 5 hereto; and
 - (vi) if the Subscriber, or if applicable, the Disclosed Beneficial Purchaser, is resident outside of Canada in or otherwise subject to the applicable securities laws of a jurisdiction outside of Canada, other than the United States, a fully executed and completed Offshore Representation Letter attached as Exhibit 6 hereto;
- (y) the acquisition of the Shares hereunder by the Subscriber (and each Disclosed Beneficial Purchaser) will not result in the Subscriber (or any Disclosed Beneficial Purchaser) becoming a “control person” in respect of the Corporation, as defined under applicable securities laws;
 - (z) no person has made to the Subscriber (or any Disclosed Beneficial Purchaser) any written or oral representations: (i) that any person will resell or repurchase the Shares; (ii) that any person will refund the purchase price of the Shares; (iii) as to the future price or value of the Shares; or (iv) as to any of the Shares being issued pursuant to this Subscription Agreement being listed on any stock exchange or that application has been or will be made for such listing;
 - (aa) the Aggregate Subscription Price which will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the “PCMLA”) and the Subscriber acknowledges (on its own behalf and, if applicable, on behalf of each Disclosed Beneficial Purchaser) that the Corporation may in the future be required by law to disclose the Subscriber’s (and each Disclosed Beneficial Purchaser’s) name and other information relating to this Subscription Agreement and the Subscriber’s subscription hereunder, on a confidential basis, pursuant to the PCMLA; and to the best of its knowledge: (i) none of the subscription funds to be provided by the Subscriber (A) have been or will be derived from or related to any activity that is deemed criminal under the laws of Canada, the United States, or any other jurisdiction, or (B) are being tendered on behalf of a person or entity who has not been identified to the Subscriber; and (ii) it shall promptly notify the Corporation if the Subscriber discovers that any of such representations ceases to be true, and to provide the Corporation with appropriate information in connection therewith;
 - (bb) **the Subscriber (including any Disclosed Beneficial Purchaser) has been encouraged to obtain independent legal, income tax and investment advice with respect to this Subscription Agreement** and accordingly, has had the opportunity to acquire an understanding of the meanings of all terms contained herein relevant to the Subscriber (and each Disclosed Beneficial Purchaser) for purposes of giving representations, warranties and covenants under this Subscription Agreement, or if it has not obtained such advice that it or if applicable, each person for whom it is contracting hereunder, understands all relevant legal, income tax and investment issues with respect to this subscription and the holding, trading, transferring and disposition of the Shares, and the Subscriber acknowledges that in connection with the subscription hereunder it has received no advice as to income tax, investment or legal ramifications in connection with the Shares from the Corporation or its affiliates or counsel;

- (cc) the Subscriber will notify the Corporation if any representation or warranty contained in this Subscription Agreement becomes untrue; and
- (dd) the Subscriber acknowledges that investors who acquire securities by way of a private placement have significantly fewer rights and remedies available to them than investors who acquire securities offered by a prospectus. For example, investors who acquire securities by way of a private placement do not have the benefit of certain statutory remedies against an issuer's agents, auditors, directors and officers that are available to investors who acquire securities offered by a prospectus. The Subscriber is also aware that the common law may not provide investors with an adequate remedy in the event that they suffer investment losses in connection with securities acquired in a private placement.

Closing

3. Upon the execution of this Agreement, the Subscriber agrees to deliver to the Corporation's lawyers documentation in the form mutually agreed by the parties confirming that the Aggregate Subscription Price has been paid and satisfied in full by way of set-off and cancellation of obligations owed by the Corporation to the Subscriber equal to the Aggregate Subscription Price.

4. If the Subscriber has delivered to the Corporation a completed Subscription Agreement, including all applicable Exhibits, together with satisfaction of the Aggregate Subscription Price as specified herein, then subject to the terms and conditions hereof, the Corporation will, within a reasonable time after acceptance of the Subscriber's subscription, issue a certificate for the Shares to and in the name of the Subscriber (or as the Subscriber has otherwise directed), as fully paid and non-assessable shares in the capital of the Corporation. The date upon which any Shares are issued in favour of the Subscriber pursuant to this Subscription Agreement is referred to herein as the "**Closing Date**".

5. The Corporation shall be entitled to rely on an executed copy of this Subscription Agreement delivered via facsimile or electronically (including e-mail), and acceptance by the Corporation of such executed copy of this Subscription Agreement shall be legally effective to create a valid and binding agreement between the Subscriber and the Corporation in accordance with the terms hereof. In addition, this Subscription Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same document. If less than a complete copy of this Subscription Agreement is delivered to the Corporation, the Corporation shall be entitled to assume that the Subscriber accepts and agrees with all of the terms and conditions of this Subscription Agreement on the pages not delivered, unaltered.

General

6. The Subscriber (on its own behalf and, if applicable, on behalf of each Disclosed Beneficial Purchaser), agrees that the representations, warranties and covenants of the Subscriber herein will be true and correct both as of the Subscriber's execution of this Subscription Agreement and as of the Closing Date and will survive the completion of the issuance of the Shares. The representations, warranties and covenants of the Subscriber herein are made with the intent that they be relied upon by the Corporation and its counsel in determining the eligibility of a purchaser of Shares and the Subscriber agrees to indemnify and save harmless the Corporation and its affiliates, shareholders, directors, officers, employees, counsel and agents against all losses, claims, costs, expenses and damages or liabilities which any of them may suffer or incur which are caused or arise from a breach thereof. The Subscriber undertakes to immediately notify the Corporation at Cannapiece Group Inc., #302-100 Allstate Parkway, Markham, ON, L3R 6H3, of any change in any statement or other information relating to the Subscriber (or any Disclosed Beneficial Purchaser) set forth herein which takes place prior to the Closing Date.

7. The Subscriber acknowledges (on its own behalf and, if applicable, on behalf of each Disclosed Beneficial Purchaser) that this Subscription Agreement and the Exhibits hereto require the Subscriber (and any Disclosed Beneficial Purchaser) to provide certain personal information to the Corporation. Such information is being collected by the Corporation for the purposes of completing purchase of the Shares by the Subscriber, which includes, without limitation, determining the Subscriber's eligibility (or that of any Disclosed Beneficial Purchaser) to purchase the Shares under applicable securities laws, preparing and registering certificates representing the Shares to be issued to the Subscriber and completing filings required by any stock exchange or securities regulatory authority. The

Subscriber's personal information (and that of any Disclosed Beneficial Purchaser) may be disclosed by the Corporation to: (i) stock exchanges or securities regulatory authorities; (ii) the Corporation's registrar and transfer agent; (iii) Canadian tax authorities; and (iv) any of the other parties involved in connection with the transactions discussed herein, including legal counsel, and may be included in closing books in connection therewith. By executing this Subscription Agreement, the Subscriber (on its own behalf and on behalf of any Disclosed Beneficial Purchaser for whom it is contracting hereunder) consents to the foregoing collection, use and disclosure of the Subscriber's (and any Disclosed Beneficial Purchaser's) personal information. The Subscriber (on its own behalf and on behalf of any Disclosed Beneficial Purchaser for whom it is contracting hereunder) also consents to the filing of copies or originals of any of the Subscriber's documents delivered in connection with this Subscription Agreement as may be required to be filed with any securities regulatory authority in connection with the transactions contemplated hereby. The Subscriber (on its own behalf and on behalf of any Disclosed Beneficial Purchaser for whom it is contracting hereunder) further acknowledges that it has been notified by the Corporation that: (i) the Corporation is required to provide personal information pertaining to the purchasers of Shares required to be disclosed in Schedule 1 of Form 45-106F1 pursuant to NI 45-106 (including name, address, telephone number, the number and value of securities purchased, the details of the exemption relied on and if applicable, the status of the purchaser as a registrant and/or an insider of the Corporation), which Form 45-106F1 the Corporation is required to file under NI 45-106; (ii) the personal information will be delivered to the applicable securities regulatory authority or regulator in accordance with NI 45-106; (iii) such personal information is being collected by the securities regulatory authority or regulator under the authority granted to it in securities legislation; (iv) such personal information is being collected for the purposes of the administration and enforcement of the securities legislation of the local jurisdiction; and (v) the public official in each jurisdiction who can answer questions about the indirect collection of the personal information has been provided in Exhibit 7 hereto. The Subscriber (on its own behalf and, on behalf of any Disclosed Beneficial Purchaser) hereby authorizes the indirect collection of the information by the applicable securities regulatory authority or regulator.

8. The Subscriber acknowledges and agrees (on its own behalf and on behalf of any Disclosed Beneficial Purchaser) that all costs incurred by the Subscriber (including any fees and disbursements of any counsel retained by the Subscriber) relating to the sale of the Shares to the Subscriber shall be borne by the Subscriber.

9. The Subscriber acknowledges (on its own behalf and on behalf of any Disclosed Beneficial Purchaser) that it has consented to and requested that all documents evidencing or relating in any way to the sale of the Shares be drawn up in the English language only. **Le soussigné reconnaît par les présentes avoir consenti et exigé que tous les documents faisant foi ou se rapportant de quelque manière à la vente de ces actions soient rédigés en anglais seulement.**

10. The contract arising out of this Subscription Agreement and all documents relating thereto is governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

11. Time is of the essence hereof.

12. This Subscription Agreement (including the Exhibits) represents the entire agreement of the parties hereto relating to the subject matter hereof, superseding all prior oral and written agreements, understandings, representations and warranties of courses of conduct and dealing between the parties, and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein.

13. The terms and provisions of this Subscription Agreement are binding upon and enure to the benefit of the Subscriber and the Corporation and their respective heirs, executors, administrators, successors and assigns; provided that, except for as otherwise herein provided, this Subscription Agreement is not assignable by any party hereto without the prior written consent of the other parties.

14. The Subscriber agrees (on its own behalf and on behalf of any Disclosed Beneficial Purchaser) that this subscription is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by the Subscriber (on its own behalf and on behalf of each Disclosed Beneficial Purchaser).

15. Neither this Subscription Agreement nor any provision hereof shall be modified, changed, discharged or terminated except by an instrument in writing signed by the party against whom any waiver, change, discharge or termination is sought.

16. Throughout this Subscription Agreement, if the Subscriber is contracting on behalf of another person or persons, all representations, warranties, covenants, acknowledgements, confirmations and statements made by the Subscriber hereunder shall be true with respect to such person or persons on whose behalf the Subscriber is contracting as if such representations, warranties, covenants, acknowledgements, confirmations or statements were made directly by such person or persons.

17. The invalidity, illegality or unenforceability of any provision of this Subscription Agreement does not affect the validity, legality or enforceability of any other provision hereof.

18. The headings used in this Subscription Agreement have been inserted for convenience of reference only and shall not affect the meaning or interpretation of this Subscription Agreement or any provision hereof.

19. The covenants, representations and warranties contained herein shall survive the closing of the transactions contemplated hereby.

20. In this Subscription Agreement (including Exhibits), references to "\$" are to Canadian dollars and references to "US\$" are to United States dollars.

EXHIBIT 1

**REPRESENTATION LETTER
(FOR ALL CANADIAN ACCREDITED INVESTORS)**

TO: Cannapiece Group Inc. (the “Corporation”)

(Capitalized terms not specifically defined in this Exhibit have the meaning ascribed to them in the Subscription Agreement to which this Exhibit is attached)

In connection with the execution by the undersigned Subscriber of the Subscription Agreement which this Representation Letter forms a part of, the undersigned Subscriber hereby represents, warrants, covenants and certifies to the Corporation that:

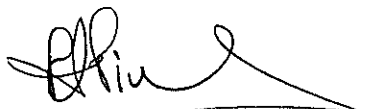
1. the undersigned Subscriber is resident in the jurisdiction set out as the “Subscriber’s Residential Address” on the face page of the Subscription Agreement and if the undersigned Subscriber is purchasing as agent for a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser is resident in the jurisdiction set out as the “Disclosed Beneficial Purchaser’s Residential Address” on the face page of the Subscription Agreement;
2. the undersigned Subscriber is either: (i) purchasing the Shares as principal for its own account; (ii) deemed to be purchasing the Shares as principal in accordance with section 2.3(2) or (4) of NI 45-106; or (iii) acting as agent for a Disclosed Beneficial Purchaser who is purchasing the Shares as principal for its own account;
3. the undersigned Subscriber (or if the undersigned Subscriber is purchasing as agent for a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser) is an “accredited investor” within the meaning of NI 45-106 by virtue of satisfying the indicated criterion as set out in Appendix A to this Representation Letter;
4. the undersigned Subscriber (or if the undersigned Subscriber is purchasing as agent for a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser) fully understands the meaning of the terms and conditions of the category of “accredited investor” applicable to it and confirms that it has reviewed and understands the definitions in Appendix A to this Representation Letter in respect of “accredited investor” applicable to it and, in particular, if the undersigned Subscriber (or if the undersigned Subscriber is purchasing as agent for a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser) is an “accredited investor” by virtue of satisfying item (j), (j.1), (k) or (l) of Appendix A to this Representation Letter, it has reviewed and understands the definitions of “financial assets”, “related liabilities”, and “net income”, as applicable, contained in Appendix A to this Representation Letter;
5. the undersigned Subscriber (or if the undersigned Subscriber is purchasing as agent for a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser), if purchasing as an “accredited investor” within the meaning of NI 45-106 under items (j), (k) or (l) (and not under item (j.1)) set out in Appendix A to this Representation Letter, has concurrently executed the Risk Acknowledgement Form attached as Exhibit 2 to this Subscription Agreement;
6. the undersigned Subscriber (or if the undersigned Subscriber is purchasing as agent for a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser) was not created, and is not used, solely to purchase or hold securities as an “accredited investor” within the meaning of NI 45-106 under item (m) set out in Appendix A to this Representation Letter; and
7. upon execution of this Representation Letter by the undersigned Subscriber, this Representation Letter, including Appendix A hereto, and, if applicable, Exhibit 2 hereto, shall be incorporated into and form a part of the Subscription Agreement.

[Signature follows on next page]

Dated: September 28, 2021

2125028 Ontario Inc.

Print Name of Subscriber

By: 

Signature

Robert Pinheiro

Print Name of Signatory (if different from the Subscriber)

President

Title

IMPORTANT: PLEASE INITIAL OR PLACE A CHECKMARK NEXT TO THE APPLICABLE PROVISION(S) IN APPENDIX A ON THE FOLLOWING PAGES

APPENDIX A TO EXHIBIT 1

NOTE: PLEASE INITIAL OR PLACE A CHECKMARK NEXT TO THE APPLICABLE CATEGORY OR CATEGORIES OF “ACCREDITED INVESTOR” TO WHICH YOU BELONG.

Accredited Investor (defined in NI 45-106, or for residents of Ontario, defined in Section 73.3(1) of the *Securities Act* (Ontario)), means:

- _____ (a) (i) except in Ontario, a Canadian financial institution, or a Schedule III bank;
- (ii) in Ontario, a financial institution described in section 73.1(1) of the *Securities Act* (Ontario) as described below; or
- _____ (b) (i) except in Ontario, the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada);
- (ii) in Ontario, the Business Development Bank of Canada; or
- _____ (c) (i) except in Ontario, a subsidiary of any person referred to in paragraphs (a)(i) or (b)(i), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary;
- (ii) in Ontario, a subsidiary of any person or company referred to in paragraphs (a)(ii) or (b)(ii), if the person or company owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary; or
- _____ (d) (i) except in Ontario, a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer;
- (ii) in Ontario, a person or company registered under the securities legislation of a province or territory in Canada as an adviser or dealer, except as otherwise prescribed by the regulations; or
- _____ (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d); or
- _____ (e.1) an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador); or
- _____ (f) (i) except in Ontario, the Government of Canada or a jurisdiction of Canada, or any Crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada;
- (ii) in Ontario, the Government of Canada, the government of a province or territory of Canada, or any Crown corporation, agency or wholly owned entity of the Government of Canada or the government of a province or territory of Canada; or
- _____ (g) (i) except in Ontario, a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec;
- (ii) in Ontario, a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec; or

- _____ (h) (i) except in Ontario, any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government;
- (ii) in Ontario, any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government; or
- _____ (i) (i) except in Ontario, a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada), a pension commission or similar regulatory authority of a jurisdiction of Canada;
- (ii) in Ontario, a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a province or territory of Canada; or
- _____ (j) an individual who, either alone or with a spouse, beneficially owns financial assets (which exclude the value of such individual's personal residence and any other real estate) having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000; or

Note: If you have initialled or placed a check mark next to (j), you must also complete Exhibit 2 attached hereto.

Financial assets include cash and securities, but do not include a personal residence. Financial assets are generally liquid or relatively easy to liquidate. You must subtract any liabilities related to your financial assets to calculate your net financial assets – see the definition of “related liabilities” below. In the case where financial assets are held in a trust or in another type of investment vehicle for the benefit of an individual there may be questions as to whether the individual beneficially owns the financial assets. The following factors are indicative of beneficial ownership of financial assets: (i) physical or constructive possession of evidence of ownership of the financial asset; (ii) entitlement to receipt of any income generated by the financial asset; (iii) risk of loss of the value of the financial asset; and (iv) the ability to dispose of the financial asset or otherwise deal with it as you see fit. For example, securities held in a self-directed RRSP, for your sole benefit, are beneficially owned by you. In general, financial assets in a spousal RRSP would also be included for the purposes of the financial assets test; however, financial assets held in a group RRSP under which you do not have the ability to acquire the financial assets and deal with them directly are not considered to be beneficially owned by you.

- _____ (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but next of any related liabilities, exceeds \$5,000,000; or

Note: The financial assets of your spouse (including financial assets in a spousal RRSP) cannot be included in the calculation of net financial assets under this paragraph (j.1).

- _____ (k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year; or

Note: If you have initialled or placed a check mark next to (k), you must also complete Exhibit 2 attached hereto.

(Note: if individual accredited investors wish to purchase through wholly-owned holding companies or similar entities, such purchasing entities must qualify under section (l) below, which must be initialled.)

- _____ (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000; or

Note: If you have initialled or placed a check mark next to (l), you must also complete Exhibit 2 attached hereto.

To calculate net assets, take the value of your total assets (which may include a personal residence) and subtract your total liabilities (which may include a mortgage). The value attributed to assets should reasonably reflect their estimated fair value. Income tax should be considered a liability if the obligation to pay it is outstanding at the time of the distribution of these securities.

- _____ (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements; or
- _____ (n) an investment fund that distributes or has distributed its securities only to
- (i) a person that is or was an accredited investor at the time of the distribution,
- (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 [minimum amount investment] or 2.19 [additional investment in investment funds] of NI 45-106, or
- (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 [investment fund reinvestment] of NI 45-106; or
- _____ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator has issued a receipt; or
- _____ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be; or
- _____ (q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction; or
- _____ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded; or
- _____ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function; or
- X (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors (as defined in NI 45-106); or
- _____ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser; or
- _____ (v) (i) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor; or
- (ii) in Ontario, a person or company that is recognized or designated by the Commission as an accredited investor; or
- _____ (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all the beneficiaries are

the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.

DEFINITIONS

For the purposes hereof and the Subscription Agreement:

“**affiliate**” means an issuer connected with another issuer because

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same person;

“**bank**” means a bank named in Schedule I or II of the *Bank Act* (Canada);

“**Canadian financial institution**” means

- (a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or
- (b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

“**consultant**” means for an issuer, a person, other than an employee, executive officer, or director of the issuer or of a related entity of the issuer, that

- (a) is engaged to provide services to the issuer or a related entity of the issuer, other than services provided in relation to a distribution,
- (b) provides the services under a written contract with the issuer or a related entity of the issuer, and
- (c) spends or will spend a significant amount of time and attention on the affairs and business of the issuer or a related entity of the issuer

and includes

- (d) for an individual consultant, a corporation of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner, and
- (e) for a consultant that is not an individual, an employee, executive officer, or director of the consultant, provided that the individual employee, executive officer, or director spends or will spend a significant amount of time and attention on the affairs and business of the issuer or a related entity of the issuer;

“**control person**” has the same meaning as in securities legislation;

“**director**” means

- (a) a member of the board of directors of a company or an individual who performs similar functions for a company, and
- (b) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company;

“eligibility adviser” means

- (a) a person that is registered as an investment dealer and authorized to give advice with respect to the type of security being distributed, and
- (b) in Saskatchewan or Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not:
 - (i) have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders, or control persons, and
 - (ii) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;

“executive officer” means, for an issuer, an individual who is

- (a) a chair, vice-chair or president,
- (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production, or
- (c) performing a policy-making function in respect of the issuer;

“financial assets” means

- (a) cash,
- (b) securities, or
- (c) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;

“financial institution” in section 73.1(1) of the *Securities Act* (Ontario) means,

- (a) a bank listed in Schedule I, II or III to the *Bank Act* (Canada), or
- (b) an association to which the *Cooperative Credit Associations Act* (Canada) applies or a central cooperative credit society for which an order has been made under subsection 473 (1) of that Act, or
- (c) a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative or credit union league or federation that is authorized by a statute of Canada or Ontario to carry on business in Canada or Ontario, as the case may be;

“foreign jurisdiction” means a country other than Canada or a political subdivision of a country other than Canada;

“founder” means, in respect of an issuer, a person who,

- (a) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and
- (b) at the time of the distribution or trade is actively involved in the business of the issuer;

“fully managed account” means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client’s express consent to a transaction;

“holding entity” means a person that is controlled by an individual;

“individual” means a natural person, but does not include

- (a) a partnership, unincorporated association, unincorporated syndicate, unincorporated organization or a trust, or
- (b) a natural person in the person’s capacity as trustee, executor, administrator or other legal personal representative;

“investment dealer” means a person or company registered in the category of investment dealer;

“investment fund” means a mutual fund or a non-redeemable investment fund, and, for greater certainty in British Columbia, includes an employee venture capital corporation that does not have a restricted constitution, and is registered under Part 2 of the *Employee Investment Act* (British Columbia), R.S.B.C. 1996 c. 112, and whose business objective is making multiple investments and a venture capital corporation registered under Part 1 of the *Small Business Venture Capital Act* (British Columbia), R.S.B.C. 1996 c.429 whose business objective is making multiple investments;

“jurisdiction” means a province or territory of Canada except when used in the term “foreign jurisdiction”;

“local jurisdiction” means the jurisdiction in which the applicable Canadian securities regulatory authority is situate;

“mutual fund” has the meaning ascribed to it under the securities legislation of the local jurisdiction;

“non-redeemable investment fund” means an issuer,

- (a) whose primary purpose is to invest money provided by its securityholders,
- (b) that does not invest:
 - (i) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, or
 - (ii) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund, and
- (c) that is not a mutual fund;

“permitted assign” means, for a person that is an employee, executive officer, director or consultant of an issuer or of a related entity of the issuer,

- (a) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the person,
- (b) a holding entity of the person,
- (c) a RRSP, RRIF or TFSA of the person,
- (d) a spouse of the person,
- (e) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the spouse of the person,

- (f) a holding entity of the spouse of the person, or
- (g) a RRSP, RRIF or TFSA of the spouse of the person;

“**person**” includes

- (a) an individual,
- (b) a corporation,
- (c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and
- (d) an individual or other person in that person’s capacity as a trustee, executor, administrator or personal or other legal representative;

“**regulator**” means, for the local jurisdiction, the person referred to in Appendix D of National Instrument 14-101 opposite the name of the local jurisdiction;

“**related entity**” means, for an issuer, a person that controls or is controlled by the issuer or that is controlled by the same person that controls the issuer;

“**related liabilities**” means

- (a) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or
- (b) liabilities that are secured by financial assets;

“**Schedule III bank**” means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

“**spouse**” means an individual who,

- (a) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual,
- (b) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or
- (c) in Alberta, is an individual referred to in paragraph (a) or (b), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta); and

“**subsidiary**” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

Control

Other than in respect of the definitions of “holding entity” or “related entity” above, a person (first person) is considered to control another person (second person) if:

- (a) the first person beneficially owns or, directly or indirectly, exercises control or direction over securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation,
- (b) the second person is a partnership, other than a limited partnership, and first person holds more than 50% of the interests of the partnership, or

- (c) the second person is a limited partnership and the general partner of the limited partnership is the first person.

In respect of the definitions of “holding entity” and “related entity” above, a person (first person) is considered to control another person (second person) if the first person, directly or indirectly, has the power to direct the management and policies of the second person by virtue of:

- (a) ownership of or direction over voting securities in the second person,
- (b) a written agreement or indenture,
- (c) being the general partner or controlling the general partner of the second person, or
- (d) being a trustee of the second person.

All monetary references are in Canadian Dollars.

EXHIBIT 2

**RISK ACKNOWLEDGEMENT FORM
(FOR CANADIAN RESIDENT INDIVIDUAL ACCREDITED INVESTORS)**

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

SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER	
1. About your investment	
Common Shares	Issuer: Cannapiece Group Inc.
Purchased from: Cannapiece Group Inc.	
SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER	
2. Risk acknowledgement	
This investment is risky. Initial that you understand that:	Your initials
Risk of loss – You could lose your entire investment of \$ _____. <i>[Instruction: Insert the total dollar amount of the investment.]</i>	
Liquidity risk – You may not be able to sell your investment quickly – or at all.	
Lack of information – You may receive little or no information about your investment.	
Lack of advice – You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to www.aretheyregistered.ca .	
3. Accredited investor status	
You must meet at least one of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.	Your initials
<ul style="list-style-type: none"> Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.) 	
<ul style="list-style-type: none"> Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year. 	
<ul style="list-style-type: none"> Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities. 	
<ul style="list-style-type: none"> Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.) 	

4. Your name and signature	
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.	
First and last name (please print):	
Signature:	Date:
SECTION 5 TO BE COMPLETED BY THE SALESPERSON	
5. Salesperson information	
First and last name of salesperson (please print): Ali Etemadi	
Telephone: 416-918-2424	Email: ali@cannapiece.ca
Name of firm (if registered):	
SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER	
6. For more information about this investment	
Cannapiece Group Inc. #302-100 Allstate Parkway Markham, ON L3R 6H3	
For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca.	

Form instructions:

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

EXHIBIT 3

**RISK ACKNOWLEDGEMENT FORM
(FOR SASKATCHEWAN CLOSE PERSONAL FRIENDS AND CLOSE
BUSINESS ASSOCIATES)**

**Risk Acknowledgement
Saskatchewan Close Personal Friends and Close Business Associates**

- I acknowledge that this is a risky investment:
- I am investing entirely at my own risk.
 - No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities.
 - The person selling me these securities is not registered with a securities regulatory authority or regulator and has no duty to tell me whether this investment is suitable for me.
 - I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
 - I could lose all the money I invest.
 - I do not have a 2-day right to cancel my purchase of these securities or the statutory rights of action for misrepresentation I would have if I were purchasing the securities under a prospectus. I do have a 2-day right to cancel my purchase of these securities if I receive an amended offering document.

I am investing \$ _____ [total consideration] in total; this includes any amount I am obliged to pay in future.

I am a **close personal friend or close business associate** of _____ [state name], who is a _____ [state title - founder, director, executive officer or control person] of Cannapiece Group Inc.

I acknowledge that I am purchasing based on my close relationship with _____ [state name of founder, director, executive officer or control person] whom I know well enough and for a sufficient period of time to be able to assess her/his capabilities and trustworthiness.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

Date

Signature of Purchaser

Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

**W
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You are buying Exempt Market Securities

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell *exempt market securities*. Exempt market securities are more risky than other securities.

You may not receive any written information about the issuer or its business

If you have any questions about the issuer or its business, ask for written clarification before you purchase the securities. You should consult your own professional advisers before investing in the securities.

You will not receive advice

Unless you consult your own professional advisers, you will not get professional advice about whether the investment is suitable for you.

The issuer of your securities is a non-reporting issuer.

A *non-reporting issuer* does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer. You can only sell the securities of a non-reporting issuer in very limited circumstances. You may never be able to sell these securities.

The securities you are buying are not listed.

The securities you are buying are not listed on any stock exchange, and they may never be listed. There may be no market for these securities. You may never be able to sell these securities.

For more information on the exempt market, refer to the Saskatchewan Financial Services Commission's website at <http://www.sfsc.gov.sk.ca>.

[Instruction: The purchaser must sign 2 copies of this form. The purchaser and the issuer must each receive a signed copy.]

EXHIBIT 4

**RISK ACKNOWLEDGEMENT FORM
(FOR ONTARIO FAMILY, FRIEND AND BUSINESS ASSOCIATE
INVESTORS)**

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

SECTION 1 TO BE COMPLETED BY THE ISSUER	
1. About your investment	
Common Shares	Issuer: Cannapiece Group Inc.
SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER	
2. Risk acknowledgement	
This investment is risky. Initial that you understand that:	Your initials
Risk of loss – You could lose your entire investment of \$ _____. <i>[Instruction: Insert the total dollar amount of the investment.]</i>	
Liquidity risk – You may not be able to sell your investment quickly – or at all.	
Lack of information – You may receive little or no information about your investment. The information you receive may be limited to the information provided to you by the family member, friend or close business associate specified in section 3 of this form.	
3. Family, friend or business associate status	
You must meet one of the following criteria to be able to make this investment. Initial the statement that applies to you:	Your initials
<p>A) You are:</p> <p>1) <i>[check all applicable boxes]</i></p> <p><input type="checkbox"/> a director of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> an executive officer of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> a control person of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> a founder of the issuer</p> <p>OR</p> <p>2) <i>[check all applicable boxes]</i></p> <p><input type="checkbox"/> a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above</p> <p><input type="checkbox"/> a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above</p>	
<p>B) You are a family member of _____ <i>[Instruction: Insert the name of the person who is your relative either directly or through his or her spouse]</i>, who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You are the _____ of that person or that person's spouse.</p> <p><i>[Instruction: To qualify for this investment, you must be (a) the spouse of the person listed above or (b) the parent, grandparent, brother, sister, child or grandchild of that person or that person's spouse.]</i></p>	

<p>C) You are a close personal friend of _____ [Instruction: Insert the name of your close personal friend], who holds the following position at the issuer or an affiliate of the issuer: _____ .</p> <p>You have known that person for _____ years.</p>	
<p>D) You are a close business associate of _____ [Instruction: Insert the name of your close business associate], who holds the following position at the issuer or an affiliate of the issuer: _____ .</p> <p>You have known that person for _____ years.</p>	
<p>4. Your name and signature</p> <p>By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form. You also confirm that you are eligible to make this investment because you are a family member, close personal friend or close business associate of the person identified in section 5 of this form.</p> <p>First and last name (please print):</p>	
Signature:	Date:
<p>SECTION 5 TO BE COMPLETED BY PERSON WHO CLAIMS THE CLOSE PERSONAL RELATIONSHIP, IF APPLICABLE</p>	
<p>5. Contact person at the issuer or an affiliate of the issuer</p> <p>[Instruction: To be completed by the director, executive officer, control person or founder with whom the purchaser has a close personal relationship indicated under sections 3B, C or D of this form.]</p> <p>By signing this form, you confirm that you have, or your spouse has, the following relationship with the purchaser: [check the box that applies]</p> <p><input type="checkbox"/> family relationship as set out in section 3B of this form</p> <p><input type="checkbox"/> close personal friendship as set out in section 3C of this form</p> <p><input type="checkbox"/> close business associate relationship as set out in section 3D of this form</p>	
<p>First and last name of contact person (please print):</p>	
<p>Position with the issuer or affiliate of the issuer (director, executive officer, control person or founder):</p>	
Telephone:	Email:
Signature:	Date:
<p>SECTION 6 TO BE COMPLETED BY THE ISSUER</p>	
<p>6. For more information about this investment</p> <p>Cannapiece Group Inc. #302-100 Allstate Parkway Markham, ON L3R 6H3</p> <p>For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca.</p>	

Signature of executive officer of the issuer (other than the purchaser):	Date:
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Form instructions:

1. This form does not mandate the use of a specific font size or style but the font must be legible.
2. The information in sections 1, 5 and 6 must be completed before the purchaser completes and signs the form.
3. The purchaser, an executive officer who is not the purchaser and, if applicable, the person who claims the close personal relationship to the purchaser must sign this form. Each of the purchaser, contact person at the issuer and the issuer must receive a copy of this form signed by the purchaser. The issuer is required to keep a copy of this form for 8 years after the distribution.
4. The detailed relationships required to purchase securities under this exemption are set out in section 2.5 of National Instrument 45-106 Prospectus Exemptions. For guidance on the meaning of “close personal friend” and “close business associate”, please refer to sections 2.7 and 2.8, respectively, of Companion Policy 45-106CP Prospectus Exemptions.

EXHIBIT 5

U.S. ACCREDITED INVESTOR CERTIFICATE
(FOR ALL U.S. PURCHASERS)

TO: Cannapiece Group Inc. (the "Corporation")

(Capitalized terms not specifically defined in this Exhibit have the meaning ascribed to them in the Subscription Agreement to which this Exhibit is attached)

In connection with the execution by the undersigned Subscriber of the Subscription Agreement which this U.S. Accredited Investor Certificate forms a part of, the undersigned Subscriber hereby represents, warrants, covenants and certifies to the Corporation that the Subscriber is an "accredited investor" that meets the criteria in Rule 501(a) of Regulation D under the 1933 Act, because the Subscriber is:

NOTE: PLEASE INITIAL OR PLACE A CHECKMARK NEXT TO THE APPLICABLE CATEGORY OR CATEGORIES OF "ACCREDITED INVESTOR" TO WHICH YOU BELONG.

- _____ (a) any bank as defined in Section 3(a)(2) of the 1933 Act or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the 1933 Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the 1933 Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of US\$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of US\$5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
- _____ (b) any private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;
- _____ (c) any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of US\$5,000,000;
- _____ (d) any trust with total assets in excess of US\$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment, or whom the Corporation reasonably believes immediately prior to making any sale that such person has such knowledge and experience herein described;
- _____ (e) any natural person who had an individual income in excess of US\$200,000 in each of the two most recent years or joint income with that person's spouse in excess of US\$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

_____ (f) any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds US\$1,000,000. For purposes of calculating net worth under this category:

- such person's primary residence shall not be included as an asset;
- indebtedness that is secured by such person's primary residence, up to the estimated fair market value of the primary residence at the time of the offering of the Shares, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the offering of the Shares exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and
- indebtedness that is secured by such person's primary residence in excess of the estimated fair market value of the primary residence at the time of the offering of the Shares shall be included as a liability;

_____ (g) any director or executive officer of the Corporation; or

_____ (h) any entity in which all of the equity owners are accredited investors.

Upon execution of this U.S. Accredited Investor Certificate by the undersigned Subscriber, this U.S. Accredited Investor Certificate shall be incorporated into and form a part of the Subscription Agreement.

Dated: _____

Print Name of Subscriber

By: _____
Signature

Print Name of Signatory (if different from the Subscriber)

Title

EXHIBIT 6

OFFSHORE REPRESENTATION LETTER
(FOR ALL NON-CANADIAN RESIDENT INVESTORS EXCLUDING
U.S. PERSONS)

TO: Cannapiece Group Inc. (the "Corporation")

(Capitalized terms not specifically defined in this Exhibit have the meaning ascribed to them in the Subscription Agreement to which this Exhibit is attached)

In connection with the execution by the undersigned Subscriber of the Subscription Agreement which this Offshore Representation Letter forms a part of, the undersigned Subscriber hereby represents, warrants, covenants and certifies to the Corporation that:

1. The undersigned Subscriber and (if applicable) any other purchaser for whom it is acting hereunder, is resident in the jurisdiction set out on the face page of the Subscription Agreement (the "**Foreign Jurisdiction**") and the undersigned Subscriber certifies that it and (if applicable) any other purchaser for whom it is acting hereunder is not resident in or otherwise subject to applicable securities laws of any province or territory of Canada.
2. The undersigned Subscriber and (if applicable) any other purchaser for whom it is acting hereunder, is a purchaser which is purchasing the Shares pursuant to an exemption from any prospectus or securities registration or similar requirements under the applicable securities laws of the Foreign Jurisdiction or any other securities laws to which the Subscriber and (if applicable) any other purchaser for whom the Subscriber is acting hereunder are otherwise subject.
3. If the undersigned Subscriber, or any other purchaser for whom it is acting hereunder, is resident in or otherwise subject to applicable securities laws of a member state ("**Member State**") of the European Economic Area ("**EEA**") which has implemented Directive 2003/71/EC (the "**Prospectus Directive**") other than the United Kingdom, the Subscriber (as principal for its own account or acting as agent for a Disclosed Beneficial Purchaser who is disclosed on the face page of the Subscription Agreement) represents and warrants that it is either:
 - (a) (1) a qualified investor within the meaning of the law in that Member State of the EEA which implements Article 2(1)(e) of the Prospectus Directive; and (2) is not acting as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, or, if so acting (i) the Shares which it proposes to acquire are not being acquired on behalf of, nor are they being acquired with a view to their offer or resale to, persons in a Member State of the EEA other than qualified investors as defined in the Prospectus Directive or persons who have agreed to purchase at least €50,000 worth of Shares; or (ii) where it proposes to acquire Shares on behalf of persons in a Member State of the EEA other than qualified investors or persons who have agreed to purchase at least €50,000 worth of Shares, the offer of those Shares to it is not treated under the Prospectus Directive as having been made to such persons; or
 - (b) not a qualified investor within the meaning of the law in that Member State of the EEA which implements Article 2(1)(e) of the Prospectus Directive; and is purchasing at least €50,000 worth of Shares.

(collectively, a "**permitted participant**").
4. If the undersigned Subscriber, or any other purchaser for whom it is acting hereunder, is resident in or otherwise subject to applicable securities laws of the United Kingdom:
 - (a) the Subscriber is either: (i) purchasing the Shares as principal for its own account, (ii) acting as agent for a Disclosed Beneficial Purchaser who is disclosed on the face page of the Subscription Agreement and who is

purchasing the Shares as principal for its own account; or (iii) purchasing the Shares on behalf of discretionary client(s) in circumstances where section 86(2) of the *Financial Services and Markets Act 2000* (“FSMA”) applies;

- (b) the Subscriber (and if the undersigned Subscriber is purchasing as agent for a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser) is a person in the United Kingdom who: (i) is a permitted participant, (ii) is a “qualified investor” for the purposes of section 86(7) of the FSMA, (iii) is such a person as is referred to in Article 19 (investment professionals) or Article 49 (high net worth companies, unincorporated associations, etc.) of the *Financial Services and Markets Act 2000* (Financial Promotion) Order 2005; and (iv) has complied with and undertakes to comply with all applicable provisions of the FSMA and other applicable securities laws with respect to anything done by it in relation to the Shares in, from or otherwise involving the United Kingdom; and
 - (c) it confirms that, to the extent applicable to it, it is aware of, has complied and will comply with its obligations in connection with the *Criminal Justice Act 1993*, the *Proceeds of Crime Act 2002* and Part VIII of the FSMA, it has identified its clients in accordance with the Money Laundering Regulations 2003 (the “Regulations”) and has complied fully with its obligations pursuant to the Regulations and will, as a condition precedent of any acceptance of this subscription, provide all such information and documents as may be required in relation to it (or any person on whose behalf it is acting as agent) that may be required by the Corporation or any agent or person acting for it in order to discharge any obligations under the Regulations.
5. The purchase of Shares by the Subscriber, and any other purchaser for whom it is acting hereunder, does not contravene any of the applicable securities laws in the Foreign Jurisdiction or any other securities laws to which the Subscriber and (if applicable) any other purchaser for whom the Subscriber is acting hereunder are otherwise subject and does not result in: (i) any obligation of the Corporation to prepare and file a prospectus, an offering memorandum or similar document; or (ii) any obligation of the Corporation to make any filings with or seek any approvals of any kind from any regulatory body in such jurisdiction or any other ongoing reporting requirements with respect to such purchase or otherwise; or (iii) any registration or other obligation on the part of the Corporation under the applicable securities laws in the Foreign Jurisdiction or any other securities laws to which the Subscriber and (if applicable) any other purchaser for whom the Subscriber is acting hereunder are otherwise subject.
 6. The Shares are being acquired for investment purposes only and not with a view to the resale or distribution of all or any of the Shares.
 7. The Subscriber, and any other purchaser for whom it is acting hereunder, are knowledgeable of, and have been independently advised as to, the securities laws of the Foreign Jurisdiction or any other securities laws to which the Subscriber and (if applicable) any other purchaser for whom the Subscriber is acting hereunder are otherwise subject.
 8. Upon execution of this Exhibit 6 by the undersigned Subscriber, this Exhibit 6 shall be incorporated into and form a part of the Subscription Agreement.

[Signature follows on next page]

Dated: _____

Print Name of Subscriber

By: _____
Signature

Print Name of Signatory (if different from the Subscriber)

Title

EXHIBIT 7

CONTACT INFORMATION FOR APPLICABLE CANADIAN PROVINCIAL AND TERRITORIAL SECURITIES REGULATORY AUTHORITIES

Alberta

Alberta Securities Commission
Suite 600, 250 - 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Facsimile: (403) 297-2082

British Columbia

British Columbia Securities Commission
701 West Georgia Street
P.O. Box 10142, Pacific Centre
Vancouver, British Columbia V7Y 1L2
Telephone: (604) 899-6854
Facsimile: (604) 899-6581

Manitoba

The Manitoba Securities Commission
500 — 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2548
Facsimile: (204) 945-0330

New Brunswick

Financial and Consumer Services Commission
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Facsimile: (506) 658-3059

Newfoundland & Labrador

Government of Newfoundland and Labrador
Financial Services Regulation Division
2nd Floor, West Block, Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-4189
Facsimile: (709) 729-6187

Nova Scotia

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 1P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625

Northwest Territories

Government of the Northwest Territories
Office of the Superintendent of Securities
P.O. Box 1320
Yellowknife, Northwest Territories X1A 2L9
Telephone: (867) 920-8984
Facsimile: (867) 873-0243

Nunavut Territory

Legal Registries Division
1st Floor, Brown Building
P.O. Box 1000 — Station 570
Iqaluit, Nunavut X0A 0H0
Telephone: (867) 975-6590
Facsimile: (867) 975-6594

Ontario

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Facsimile: (416) 593-8122

Prince Edward Island

Securities Office
95 Rochford Street, 4th Floor, Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283

Québec

Autorité des marchés financiers
800, square Victoria, 22^e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337
Facsimile: (514) 864-6381

Saskatchewan

Financial and Consumer Affairs Authority
Suite 601, 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5879
Facsimile: (306) 787-5899

Yukon Territory

Government of Yukon Department of Community Services
Law Centre, 3rd Floor
2130 Second Avenue
Whitehorse, Yukon Territory Y1A 5H6
Telephone: (867) 667-5314
Facsimile: (867) 393-6251

**This is Exhibit "T" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square box containing a handwritten signature in black ink. The signature appears to be the initials 'mf' written in a cursive style.

A COMMISSIONER FOR TAKING AFFIDAVITS

**DEBENTURE AGREEMENT
OF
CANNAPIECE GROUP INC.**

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DEBENTURE AGREEMENT**CANNAPIECE GROUP INC.**

(a Corporation existing under the laws of the Province of Ontario)

DEBENTURE DUE DECEMBER 13, 2021

WHEREAS the Holder has advanced to the Corporation a loan in the aggregate amount of \$3,000,000.00;

AND WHEREAS the Corporation has agreed to execute and deliver to the Holder this Debenture in consideration for the Principal Sum;

NOW THEREFORE it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Debenture, unless something in the subject matter or context is inconsistent therewith, the following words and phrases shall have the following meanings:

"Business Day" means any day other than a Saturday, Sunday, legal holiday or a day on which banking institutions are closed in Toronto, Ontario;

"Corporate Guarantors" means each of the Subsidiaries;

"Corporation" means CannaPiece Group Inc., a corporation existing under the laws of the Province of Ontario and its successors and assigns;

"Date of Issue" means the 13th of December, 2020;

"Debenture" means this amended and restated debenture agreement, including any schedules hereto, as may be further amended, modified and supplemented from time to time;

"Director" means a director of the Corporation for the time being, and reference without more to action by the Directors means action by the Directors as a board or, whenever duly empowered, by the executive committee of the board;

"Disclaimers of Interest" means the First Disclaimer of Interest and the Second Disclaimer of Interest;

"Equipment Loan Agreement" means the equipment loan agreement entered into on December 8, 2020 between CannaPiece Corp., as borrower, and 2125028 Ontario Inc., as lender, for the principal amount of \$3,000,000.00;

"Event of Default" means any of the events specified in Article 4 hereof;

"First Disclaimer of Interest" means the disclaimer of interest letter dated May 27, 2020 executed by the Holder in favour of 2125028 Ontario Inc. in respect of an equipment loan agreement between 2125028 Ontario Inc. and CannaPiece Corp. dated on or about May 27, 2020;

"**Guarantors**" means, collectively, the Personal Guarantors and Corporate Guarantors and each one of them a "**Guarantor**";

"**Holder**" has the meaning set out in Section 2.1;

"**Priority Agreement**" means the priority agreement entered into on or around the date hereof between CannaPiece Corp., Pivot Financial Inc. the Holder and 2125028 Ontario Inc.;

"**Maturity Date**" means December 13th, 2021;

"**Original Debenture**" has the meaning ascribed to it in the recitals;

"**Person**" means an individual, corporation, partnership, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative, or any group or combination thereof;

"**Personal Guarantor**" has the meaning ascribed to it in Section 5.1(4);

"**Principal Sum**" means \$3,000,000.00;

"**property**" means, with respect to any Person, all or any portion of that Person's undertaking, property and assets, both real and personal, including, for greater certainty, any share in the capital of a corporation or ownership interest in any other Person;

"**Second Disclaimer of Interest**" means the disclaimer of interest letter dated December 11, 2020 executed by the Holder in favour of 2125028 Ontario Inc. in respect of the Equipment Loan Agreement;

"**Subsidiary**" means each of Canadian Craft Growers Corp., CannaPiece Corp., and Greenzone Therapy Inc. and "**Subsidiaries**" means any two or more of them; and

"**Transaction Documents**" means all contracts, documents, agreements, certificates and other instruments delivered or given pursuant to this Debenture.

1.2 **Meaning of Outstanding**

This Debenture shall be deemed to be outstanding until it is cancelled or delivered to the Corporation for cancellation and money for the payment thereof, provided that where a new Debenture has been issued in substitution for a Debenture that has been mutilated, lost, stolen or destroyed, only one of such Debentures shall be counted for the purpose of determining the aggregate principal amount of the Debenture outstanding.

1.3 **Non-Business Days**

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken on a day other than a Business Day, such payment, period of time, or other action shall be taken on the next succeeding Business Day and an extension of time shall be included for the purposes of computation of interest thereon. Any payment made after 3:00 p.m. (Toronto time) on a Business Day shall be deemed to be made on the following Business Day.

1.4 **Currency**

Unless otherwise indicated herein, all references to currency herein are to lawful money of Canada.

1.5 **Headings**

The headings of all the Articles and Sections hereof and the table of contents are inserted for convenience of reference only and shall not affect the construction or interpretation of this Debenture.

1.6 **Governing Law**

This Debenture shall be governed by and construed in accordance with the laws of the Province of Ontario, and the federal laws of Canada applicable therein and shall be treated in all respects as an Ontario contract.

1.7 **Singular, Gender, Legislation, Etc.**

Words importing the singular number only include the plural and vice versa, words importing any gender include any other gender and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and any reference to any statute or other legislation shall be deemed to be a reference to such legislation as now enacted or as the same may from time to time be amended, re-enacted or replaced.

1.8 **Severability**

If any one or more of the provisions or parts thereof contained in this Debenture should be or become invalid, illegal or unenforceable, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, severable therefrom and the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed.

1.9 **Binding Effect**

This Debenture and all of its provisions shall enure to the benefit of the Holder, its successors and assigns, and shall be binding upon the Corporation and its successors and permitted assigns. The expression the "Holder" as used herein shall include the Holder's assigns whether immediate or derivative.

1.10 **Time**

Time shall be of the essence of this Debenture.

ARTICLE 2 **THE DEBENTURE**

2.1 **Indebtedness and Payment of Indebtedness**

The Corporation, for value received, hereby acknowledges itself indebted and promises and covenants to pay to 2726398 Ontario Inc., the registered holder hereof for the time being (the "**Holder**");

- (1) the Principal Sum;
- (2) interest on any monies owing by the Corporation to the Holder hereunder; and
- (3) all other monies which may be owing by the Corporation to the Holder pursuant to this Debenture.

The Corporation shall, when not in default, and upon delivery of 30 days' prior written notice to the Holder, have the privilege to prepay all or part of the Principal Sum outstanding together with any and all accrued interest owing in accordance with Section 2.2.

2.2 Interest and Payment of Interest

- (1) The Corporation shall pay simple interest on that portion of the Principal Sum outstanding from time to time hereunder from the date hereof up to and including the date of repayment in full of the Principal Sum at the rate of 18% per annum calculated and payable on the 13th day of each month.
- (2) If prepayment occurs within the first 6 months of the term of this Debenture then the Holder is entitled to receive 6 months of interest payments against the Principal Sum outstanding as at the date thereof.
- (3) The covenant of the Corporation to pay interest at the rate provided herein shall not merge in any judgement in respect of any obligation of the Corporation hereunder and such judgement shall bear interest in the manner set out in this Section 2.2 **Error! Reference source not found.** and be payable on the same days when interest (whether hereunder or otherwise) is payable hereunder.
- (4) The Corporation shall make all payments of the Principal Sum and interest on this Debenture free and clear of, and without withholding of or deduction for or on account of, any present or future taxes, levies, imposts, deductions, charges, withholdings and all related liabilities ("**Taxes**") imposed or levied by any taxing authority with jurisdiction over the payment ("**Taxing Authority**") unless such Taxes are required to be withheld or deducted by the Corporation by law or by interpretation or administration thereof, or upon demand of any such Taxing Authority. The Corporation shall make any withholdings or deductions in respect of the Taxes required by law or by the interpretation or administration thereof, and shall remit the full amount withheld or deducted to the relevant Taxing Authority in accordance with applicable law and shall provide the Holder with full particulars thereof in writing. In the event that such withholdings or deductions are so required, or if the Holder of this Debenture shall be obligated to pay any Taxes of or in respect of any payment under this Debenture, then the Corporation shall pay such additional amounts to the Holder of this Debenture as may be necessary to ensure that the Holder of this Debenture receives a net amount equal to the full amount that it would have been entitled to receive had the payments of Principal Sum and interest been made without such withholdings or deductions, and the Corporation shall indemnify the Holder to the extent that the Holder does not receive such additional amounts, except that no additional amounts shall be payable with respect to any payment on this Debenture in respect of any Taxes payable in respect of the net income or capital of the Holder of this Debenture.
- (5) Overdue interest shall be payable forthwith without demand by the Holder.

- (6) Subject to Section 2.2, in respect of the timing of payment and method for calculating the amount of interest to be paid on the Debenture, whenever interest is computed on the basis of a year (the "**deemed year**") which contains fewer 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.

2.3 **Designation and Terms of Debenture**

This Debenture shall be issued and fully registered as a Debenture in the denomination of \$3,000,000.00 and shall be dated as of the Date of Issue and shall mature on the Maturity Date.

2.4 **Registration**

The Corporation shall cause to be kept at a central register at the principal office of the Corporation in which shall be entered the name and address of the Holder of the Debenture and particulars of the Debenture held by the Holder. Such registration shall be noted on the Debenture by the Corporation or other registrar designated by the Corporation.

2.5 **Ownership and Payment**

- (1) Subject to any applicable law, the person in whose name any Debenture is registered shall for all the purposes hereof be and be deemed to be the owner thereof and payment of or on account of the Principal Sum, shall be made only to or upon the order in writing of such person and such payment shall be a good and sufficient discharge to the Corporation and any other registrar for the amount so paid.
- (2) The registered holder for the time being of any Debenture shall be entitled to the Principal Sum, free from all equities or rights of set off or counterclaim between the Corporation and the original or any intermediate holder thereof (except any equities of which the Corporation is required to take notice by statute or by order of a court of competent jurisdiction) and all persons may act accordingly, and the payment to any such holder of any such Principal Sum shall be a good discharge to the Corporation for the same, and neither the Corporation nor any registrar shall be bound to enquire into the title of any such holder.

2.6 **Mutilation, Loss or Destruction of Debenture**

In case this Debenture shall become mutilated or be lost, destroyed or stolen the Corporation may issue a new Debenture of like date and tenor upon surrender and cancellation of the mutilated Debenture or, in the case of a lost, destroyed or stolen Debenture, in lieu of and in substitution for the same, and the new or substituted Debenture shall be in a form approved by the Corporation.

ARTICLE 3 **COVENANTS OF THE CORPORATION**

3.1 **General Covenants**

The Corporation hereby covenants, represents and warrants to the Holder that:

- (1) it will duly and punctually pay to the Holder the Principal Sum, the interest thereon and all other sums payable hereunder on the dates and at the places, and in the manner provided for herein;
- (2) it will at all times maintain its corporate existence; will carry on and conduct, and will cause to be carried on and conducted, its business in a proper, efficient and businesslike manner and in accordance with good business practice;
- (3) it will fully and effectually maintain and keep maintained the security granted to the Holder as a valid and effective security at all times;
- (4) each of the Corporation, CannaPiece Corp., and Canadian Craft Growers Corp, is a corporation duly incorporated, organized and validly existing under the provincial laws of Ontario, and Greenzone Therapy Inc. is a corporation duly incorporated, organized and validly existing under the federal laws of Canada and each of the Corporation and the Subsidiaries are in good standing under such laws. Each of the Corporation and the Subsidiaries have full corporate power, authority and capacity: (i) to own or lease and operate its properties and assets; (ii) to carry on its business as presently conducted and proposed to be conducted; and (iii) to execute and deliver this Debenture and the Transaction Documents to which it is a party and to perform all obligations contemplated herein and therein. Each of the Corporation and the Subsidiaries have taken all necessary action required to authorize the execution and delivery of this Debenture and the Transaction Documents to which they are a party and the performance of their obligations hereunder and thereunder;
- (5) this Debenture and the Transaction Documents have been duly executed and delivered by the Corporation and the Subsidiaries, as applicable, and are legal, valid and binding obligations of the Corporation and the Subsidiaries, as applicable, enforceable against each of the Corporation and the Subsidiaries in accordance with their respective terms except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting creditors' rights generally, and (ii) equitable principles which may limit the availability of certain equitable remedies (such as specific performance) in certain instances;
- (6) the execution, delivery and performance by each of the Corporation and the Subsidiaries of their obligations under the Debenture and the Transaction Documents to which they are a party and the consummation by each of the Corporation and the Subsidiaries of the transactions contemplated hereby and thereby, will not: (i) result (with or without the giving of notice or the lapse of time or both) in any conflict, violation, breach or default, or the creation of any encumbrance, or the termination, acceleration, vesting or modification of any right or obligation, under or in respect of (A) the articles or by-laws of each of the Corporation and the Subsidiaries, (B) any judgment, decree, order, statute, rule or regulation binding on or applicable to the Corporation and the Subsidiaries, (C) any agreement or instrument to which any of the Corporation or the Subsidiaries are a party to or bound by or any of their assets are bound by, or (D) any law, (ii) require any notice, consent, approval, authorization, declaration, filing or registration with any governmental body or authority or other Person, or (iii) result in the creation of any lien, encumbrance or security interest whatsoever on the assets of the Corporation;

- (7) there are no orders, actions or other legal proceedings, nor are there any threatened or pending orders, actions or other legal proceedings, which if determined adversely, would prevent or restrict each the Corporation and the Subsidiaries from completing this Debenture and the transactions contemplated herein and in the Transaction Documents;
- (8) there are no existing shareholders' agreements, voting trusts, pooling agreements or other similar agreements, arrangements or understandings in respect of the ownership or voting of any of the shares of each of the Corporation or the Subsidiaries;
- (9) each of the Corporation and the Subsidiaries are in compliance with: (i) all laws, statutes, governmental regulations, judicial or administrative tribunal orders, judgments, writs, injunctions, decrees and similar commands applicable to each of them and their business; (ii) all terms and provisions of all contracts and agreements, instruments and commitments to which each of the Corporation and the Subsidiaries are a party or to which any of them or any of their assets or properties are subject; and (iii) their articles and by-laws;
- (10) The authorized capital of CannaPiece Corp. consists of an unlimited number of common shares, of which 100 common shares are issued and outstanding and the Corporation is the registered and beneficial owner of all such shares of CannaPiece Corp. The authorized capital of Canadian Craft Growers Corp. consists of an unlimited number of common shares, of which 100 common shares are issued and outstanding and the Corporation is the registered and beneficial owner of all such shares of Canadian Craft Growers Corp. The authorized capital of Greenzone Therapy Inc. consists of an unlimited number of Class "A" common voting shares and an unlimited number of Class "B" common non-voting shares, of which 10,000 Class "A" common voting shares are issued and outstanding and the Corporation is the registered and beneficial owner of all such shares of Greenzone Therapy Inc. All of the outstanding shares of each of the Corporation and the Subsidiaries have been duly authorized, are fully paid and non-assessable and were issued in compliance with securities laws;
- (11) there is no claim, action, suit, proceeding, arbitration, complaint, charge or investigation ongoing, pending or threatened against or affecting each of the Corporation and the Subsidiaries or any officer or director thereof, before any court or before or by a governmental body or authority or before any arbitrator or board. There is no judgment, order, writ, injunction, decree or award of any court, arbitrator or governmental body or authority outstanding against the Corporation and/or the Subsidiaries. There is no action, suit, proceeding or investigation by the Corporation and/or the Subsidiaries existing against or pending or that the Corporation and/or the Subsidiaries intends to initiate against any Person;
- (12) there are no provisions in any agreement binding on the Corporation which restrict or limit the powers of the Corporation or of its officers or directors on its behalf, to borrow money upon the credit of the Corporation, to issue, re-issue, sell or pledge debt obligations of the Corporation, to give a guarantee on behalf of the Corporation to secure the performance of an obligation of any person or party, to mortgage, charge, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, now owned or subsequently acquired, to secure any debt or any other obligation of the Corporation;

- (13) it will do, observe and perform all of its obligations and all matters and things necessary or expedient to be done, observed or performed under or by virtue of any lease agreement, joint venture agreement, license, or other contract, so long as the same is, in the opinion of the directors of the Corporation, of commercial value, in order to preserve, protect and maintain the rights of the Corporation, and will not suffer or permit any default for which any such lease, agreement, joint venture agreement, license, or contract might be terminated or for which any other party thereto might be relieved of any of its obligations thereunder or for which any obligations of any such party might be reduced;
- (14) neither the Corporation nor any of the Subsidiaries shall create any security interests, or grant any security agreement or mortgage encumbering any of its personal or intangible property or any of its real estate interests unless the written consent of the Holder is first obtained; and
- (15) it will not sell or otherwise dispose of by conveyance, transfer, lease or otherwise any of its assets or undertakings.

ARTICLE 4

DEFAULT AND ENFORCEMENT

4.1 Acceleration of Maturity on Default

Each of the following shall constitute an event of default (hereinafter referred to as an "**Event of Default**"):

- (1) if the Corporation does not pay when due any amount of the Principal Sum, or interest or other amount payable by it under the Debenture at the place and in the currency in which such amount is expressed to be payable;
- (2) if the Corporation makes a general assignment for the benefit of creditors; or any proceeding is instituted by it seeking relief as debtor, or to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts or for an order for similar relief under any law relating to bankruptcy, insolvency, reorganization or relief of debtors (including under any statutes relating to the incorporation of companies) or seeking appointment of a receiver or trustee, or other similar official for it or for any substantial part of its properties or assets; or any corporate or partnership action is taken to authorize any of the actions referred to in this Section 4.1(2);
- (3) if any proceedings are instituted against the Corporation seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts or an order for similar relief under any law relating to bankruptcy, insolvency, reorganization or relief of debtors (including under any statutes relating to the incorporation of companies) or seeking appointment of a receiver, trustee or other similar official for it or for any substantial part of its properties or assets;
- (4) if any proceedings with respect to the Corporation are commenced under the *Companies' Creditors Arrangement Act* (Canada);

- (5) if the Corporation takes any corporate proceedings for its dissolution, liquidation or amalgamation with any other Corporation or if the corporate existence of the Corporation shall be terminated by expiration, forfeiture or otherwise, or if the Corporation ceases or threatens to cease, to carry on all or a substantial part of its business;
- (6) if, on or before June 30, 2021, CannaPiece Corp. does not utilize the total available amount under the Equipment Loan Agreement, being \$3,000,000.00, for the purchase of the new equipment in respect of the business of the Corporation;
- (7) if the Corporation defaults in the performance or observance of any term, condition, covenant, representation or warranty contained in this Debenture; or
- (8) in the event that the Corporation or any of the Subsidiaries defaults in any of its obligations under the Equipment Loan Agreement; obligations to Pivot Financial Inc. or any terms or conditions applicable to obligations for borrowed money.

Should an Event of Default occur, the Holder may in its sole discretion declare the Principal Sum and all accrued interest owing of this Debenture to be due and payable on demand, and the same shall forthwith become immediately due and payable. Notwithstanding anything herein contained to the contrary, the Corporation shall, on such demand, forthwith pay to the Holder, the Principal Sum of this Debenture. Such payment when made shall be deemed to have been made in discharge of the Corporation's obligations hereunder.

4.2 **Waiver of Default**

The Holder shall have the power to waive any default or to cancel any declaration made by the Holder upon such terms and conditions as the Holder shall prescribe.

4.3 **Remedies Cumulative**

No remedy herein conferred upon or to the Holder is intended to be exclusive of any other remedy, but each and every other 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.

ARTICLE 5

SECURITY

5.1 **Security**

As general and continuing security for the obligations of the Corporation hereunder, including the payment of the Principal Sum and interest on any monies owing by the Corporation to the Holder, the following security shall be granted to the Holder, in each case in form and substance satisfactory to the Holder:

- (1) A second ranking general security agreement executed by the Corporation in favour of the Holder, creating a security interest in all of the Corporation's present and after-acquired personal property, subject only to the Holder's first ranking general security agreement, the Priority Agreement, a security agreement in favour of Xerox Canada Ltd. in respect of copier equipment and the proceeds

thereof, and a security agreement in favour of Hyundai Capital Leasing Inc. and Hyundai Motor Finance in respect of a 2018 Hyundai Elantra GT motor vehicle;

- (2) A third mortgage on the real property municipally known as 580 Lake Road, Clarington, Ontario executed by the Corporation in favour of the Holder in the principal amount of Four Million Dollars (\$3,000,000.00);
- (3) A general security agreement executed by each of CannaPiece Corp., Canadian Craft Growers Corp. and Greenzone Therapy Inc. (the "**Corporate Guarantors**") in favour of the Holder, creating a second ranking security interest in all of the present and after-acquired personal property of each of the Corporate Guarantors, subject only to the Holder's first ranking general security agreement, and, in respect of the personal property of CannaPiece Corp., subject to the Disclaimers of Interest; and
- (4) A guarantee of the obligations of the Corporation to the Holder executed by the Corporate Guarantors and Ali Etemadi, Afshin Souzankar, Ahmad Rasouli and Reza Khadem Shahreza (the "**Personal Guarantors**") in favour of the Holder.

ARTICLE 6

CONSOLIDATION AND AMALGAMATION

6.1 Successor Corporation

The Corporation shall not enter into any transaction whereby all or substantially all of its undertaking, property and assets would become the property of any other corporation (herein called a "**successor corporation**") whether by way of reorganization, reconstruction, consolidation, amalgamation, merger, transfer, sale or otherwise, unless prior to or contemporaneously with the consummation of such transaction, the Corporation and the successor corporation shall have executed such instruments and done such things as are necessary or advisable to establish that upon the consummation of such transaction:

- (1) the successor corporation will have assumed all the covenants and obligations of the Corporation under this Debenture; and
- (2) this Debenture will be a valid and binding obligation of the successor corporation entitling the Holder, as against the successor corporation, to all the rights of the Holder under this Debenture.

6.2 Successor to Possess Powers of the Corporation

Whenever the conditions of Section 6.1 hereof shall have been duly observed and performed, the successor corporation shall possess and from time to time may exercise each and every right and power of the Corporation under this Debenture in the name of the Corporation or otherwise and any act or proceeding by any provision hereof required to be done or performed by any Director or officer of the Corporation may be done and performed with like force and effect by the like directors or officers of the successor corporation.

ARTICLE 7

NOTICES

7.1 Notice

Any notice by one party to the other party under the provisions hereof shall be valid and effective if delivered, sent by e-mail or mailed by prepaid registered mail to the other party at:

In the case of the Corporation:

CannaPiece Group Inc.
100 Allstate Pkwy Suite 201
Markham, ON L3R 6H3

Attention: Ali Etemadi
E-mail: ali@cannapiece.ca

In the case of the Holder:

2726398 Ontario Inc.,
7699 Yonge Street
Thornhill, ON L3T 1Z5

Attention: Mehran Aryafar
E-mail: mehran@aryafar.ca

and, subject as provided in this Section 7.1, shall be deemed to have been given at the time of delivery or sending by facsimile or electronic transmission or on the tenth Business Day after mailing. Any delivery made or facsimile or electronic transmission sent on a day other than a Business Day or after 4:00 p.m. (Toronto time) on a Business Day, shall be deemed to be received on the next following Business Day. In the case of disruption in postal services, any notice shall be delivered or sent by facsimile or electronic transmission. Either party may, from time to time, notify the other party of a change in address or facsimile number which thereafter, until changed by like notice, shall be the address or facsimile number of such party giving notice for all purposes of this Debenture.

ARTICLE 8

SUPPLEMENT TO DEBENTURE

8.1 Supplement to Debenture

From time to time the Corporation shall, when so directed by the Holder, execute, acknowledge and deliver by their proper officers deeds or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more of the following purposes:

- (1) adding to the covenants of the Corporation herein contained for the protection of the Holder or providing for events of default in addition to those herein specified;
- (2) making such provisions not inconsistent with this Debenture as may be necessary or desirable with respect to matters or questions arising hereunder, including the making of any modifications in the form of the Debenture which do not affect the substance thereof and which provisions and modifications will not, in the opinion of the Holder's solicitor, be prejudicial to the interests of the Holder;
- (3) evidencing the succession or the successive successions of other corporations to the Corporation and the covenants of and obligations assumed by any such successor in accordance with the provisions of this Debenture; and

- (4) for any other purpose not inconsistent with the terms of this Debenture.

The Corporation may correct any typographical or other manifest errors in this Debenture, provided that in the opinion of the Holder's solicitor such corrections will not prejudice the rights of the Holder hereunder and may execute all such documents as may be necessary to correct such errors.

ARTICLE 9
SATISFACTION AND DISCHARGE

9.1 Discharge

Upon the Principal Sum and interest (including interest on amounts in default, if any) on this Debenture and all other money payable hereunder having been paid or satisfied, the Holder shall, at the request of the Corporation, release and discharge this Debenture.

--- SIGNATURE PAGE FOLLOWS ---

IN WITNESS WHEREOF the parties hereto have duly executed this Debenture in the Province of Ontario and agree to be bound thereby as of the date first written above.

HOLDER:

2726398 ONTARIO INC.

Per: 
Name: Mehran Aryafar c/s
Title: President

Per: _____
Name: Ardeshir Omanian c/s
Title: Secretary
We have authority to bind the above

CORPORATION (BORROWER):

CANNAPIECE GROUP INC.

Per: _____
Name: c/s
Title:

Per: _____
Name: c/s
Title:
We have authority to bind the above

CORPORATE GUARANTORS:

IN WITNESS WHEREOF the parties hereto have duly executed this Debenture in the Province of Ontario and agree to be bound thereby as of the date first written above.

HOLDER:

2726398 ONTARIO INC.

Per: _____

Name: Mehran Aryafar c/s

Title: President

Per: _____ 

Name: Ardeshtir Omani c/s

Title: Secretary

We have authority to bind the above

CORPORATION (BORROWER):

CANNAPIECE GROUP INC.

Per: _____

Name: _____ c/s

Title: _____

Per: _____

Name: _____ c/s

Title: _____

We have authority to bind the above

CORPORATE GUARANTORS:

IN WITNESS WHEREOF the parties hereto have duly executed this Debenture in the Province of Ontario and agree to be bound thereby as of the date first written above.

HOLDER:

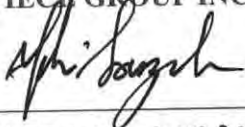
2726398 ONTARIO INC.

Per: _____
Name: Mehran Aryafar c/s
Title: President

Per: _____
Name: Ardeshir Omanian c/s
Title: Secretary
We have authority to bind the above

CORPORATION (BORROWER):

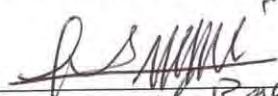
CANNAPIECE GROUP INC.


Per: 
Name: AFSHIN SOUZANKAR c/s
Title: president

Per: _____
Name: _____ c/s
Title: _____
We have authority to bind the above

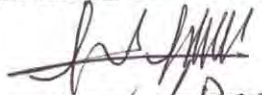
CORPORATE GUARANTORS:

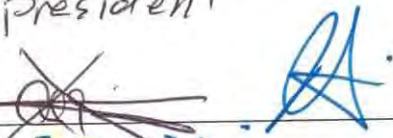
CANADIAN CRAFT GROWERS CORP.

Per: 
Name: Ahmad Rasouli c/s
Title: president

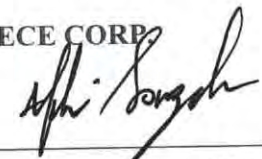
Per: 
Name: Ali Etemadi c/s
Title: Vice President
We have authority to bind the above

GREENZONE THERAPY INC.

Per: 
Name: Ahmad Rasouli c/s
Title: president

Per: 
Name: Rossy Dini c/s
Title: CFO.
We have authority to bind the above

CANNAPIECE CORP.

Per: 
Name: AFSHIN SOUZANKAR c/s
Title: president

Per: _____ c/s
Name: _____
Title: _____
We have authority to bind the above


INDIVIDUAL GUARANTORS:




Ali Etemadi



Afshin Souzankar



Ahmad Rasouli



Reza Khadem Shahreza

**FIRST AMENDED AND RESTATED DEBENTURE
OF
CANNAPIECE GROUP INC.**

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FIRST AMENDED AND RESTATED DEBENTURE

CANNAPIECE GROUP INC.

(a Corporation existing under the laws of the Province of Ontario)

DEBENTURE DUE DECEMBER 13, 2021

WHEREAS the Corporation, as borrower, executed and delivered to the Holder, as lender, a convertible debenture dated December 13, 2019, pursuant to which the Holder agreed to provide, and did provide, certain credit facilities to the Corporation (the "**Original Debenture**");

AND WHEREAS the original maturity date for the advances made pursuant to the Original Debenture was December 13, 2020;

AND WHEREAS the Corporation has requested and the Holder has agreed to extend the term of the Original Debenture and make certain amendments to the terms of the Original Debenture and have agreed to do so by way of an amendment and restatement of the Original Debenture reflecting such amendments;

NOW THEREFORE it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Debenture, unless something in the subject matter or context is inconsistent therewith, the following words and phrases shall have the following meanings:

"Business Day" means any day other than a Saturday, Sunday, legal holiday or a day on which banking institutions are closed in Toronto, Ontario;

"Corporate Guarantors" means each of the Subsidiaries;

"Corporation" means CannaPiece Group Inc., a corporation existing under the laws of the Province of Ontario and its successors and assigns;

"Date of Issue" means December 13, 2020;

"Debenture" means this amended and restated debenture agreement, including any schedules hereto, as may be further amended, modified and supplemented from time to time;

"Director" means a director of the Corporation for the time being, and reference without more to action by the Directors means action by the Directors as a board or, whenever duly empowered, by the executive committee of the board;

"Disclaimers of Interest" means the First Disclaimer of Interest and the Second Disclaimer of Interest;

"Equipment Loan Agreement" means the equipment loan agreement entered into on December 8, 2020 between CannaPiece Corp., as borrower, and 2125028 Ontario Inc., as lender, for the principal amount of \$3,000,000.00;

"Event of Default" means any of the events specified in Article 4 hereof;

"First Disclaimer of Interest" means the disclaimer of interest letter dated May 27, 2020 executed by the Holder in favour of 2125028 Ontario Inc. in respect of an equipment loan agreement between 2125028 Ontario Inc. and CannaPiece Corp. dated on or about May 27, 2020;

"Guarantors" means, collectively, the Personal Guarantors and Corporate Guarantors and each one of them a **"Guarantor"**;

"Holder" has the meaning set out in Section 2.1;

"Priority Agreement" means the priority agreement entered into on or around the date hereof between CannaPiece Corp., Pivot Financial Inc. the Holder and 2125028 Ontario Inc.;

"Maturity Date" means December 13, 2021;

"Original Debenture" has the meaning ascribed to it in the recitals;

"Person" means an individual, corporation, partnership, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative, or any group or combination thereof;

"Personal Guarantor" has the meaning ascribed to it in Section 5.1(4);

"Principal Sum" means \$4,000,000.00;

"property" means, with respect to any Person, all or any portion of that Person's undertaking, property and assets, both real and personal, including, for greater certainty, any share in the capital of a corporation or ownership interest in any other Person;

"Second Disclaimer of Interest" means the disclaimer of interest letter dated December 11, 2020 executed by the Holder in favour of 2125028 Ontario Inc. in respect of the Equipment Loan Agreement;

"Subsidiary" means each of Canadian Craft Growers Corp., CannaPiece Corp., and Greenzone Therapy Inc. and **"Subsidiaries"** means any two or more of them; and

"Transaction Documents" means all contracts, documents, agreements, certificates and other instruments delivered or given pursuant to this Debenture.

1.2 Meaning of Outstanding

This Debenture shall be deemed to be outstanding until it is cancelled or delivered to the Corporation for cancellation and money for the payment thereof, provided that where a new Debenture has been issued in substitution for a Debenture that has been mutilated, lost, stolen or destroyed, only one of such Debentures shall be counted for the purpose of determining the aggregate principal amount of the Debenture outstanding.

1.3 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken on a day other than a Business Day, such payment, period of time, or other action shall be taken on the next succeeding Business Day and an extension of time

shall be included for the purposes of computation of interest thereon. Any payment made after 3:00 p.m. (Toronto time) on a Business Day shall be deemed to be made on the following Business Day.

1.4 **Currency**

Unless otherwise indicated herein, all references to currency herein are to lawful money of Canada.

1.5 **Headings**

The headings of all the Articles and Sections hereof and the table of contents are inserted for convenience of reference only and shall not affect the construction or interpretation of this Debenture.

1.6 **Governing Law**

This Debenture shall be governed by and construed in accordance with the laws of the Province of Ontario, and the federal laws of Canada applicable therein and shall be treated in all respects as an Ontario contract.

1.7 **Singular, Gender, Legislation, Etc.**

Words importing the singular number only include the plural and vice versa, words importing any gender include any other gender and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and any reference to any statute or other legislation shall be deemed to be a reference to such legislation as now enacted or as the same may from time to time be amended, re-enacted or replaced.

1.8 **Severability**

If any one or more of the provisions or parts thereof contained in this Debenture should be or become invalid, illegal or unenforceable, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, severable therefrom and the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed.

1.9 **Binding Effect**

This Debenture and all of its provisions shall enure to the benefit of the Holder, its successors and assigns, and shall be binding upon the Corporation and its successors and permitted assigns. The expression the "Holder" as used herein shall include the Holder's assigns whether immediate or derivative.

1.10 **Time**

Time shall be of the essence of this Debenture.

ARTICLE 2 **THE DEBENTURE**

2.1 **Original Debenture Amended and Restated**

- (1) This Debenture amends and restates the Original Debenture. For certainty, the Original Debenture is no longer in force or effect.
- (2) All references to the Original Debenture or similar references to the Original Debenture in any of the other Transaction Documents shall be deemed to refer to this Debenture, as it may be amended, restated, supplemented or replaced from time to time, without any requirement to amend such Transaction Documents.
- (3) All indebtedness, liabilities and obligations of the Corporation and each Guarantor under the Original Debenture shall continue as obligations under this Debenture, and this Debenture shall not evidence or result in a novation of such indebtedness, liabilities or obligations. Without limiting the foregoing, all amounts outstanding under the Debenture as of the date of this Debenture shall be deemed to be outstanding under, and subject to the terms of, this Debenture.
- (4) The Corporation and each Guarantor hereby represents, warrants and confirms to the Holder that, as of the date hereof and notwithstanding this Debenture and the amendments given effect by this Debenture:
 - (a) the Transaction Documents and the security interests granted therein continue in full force and effect as security for the obligations, including without limitation all indebtedness, liabilities and obligations of the Holder arising under, or in connection with, this Debenture, and such documents and interests are hereby acknowledged, ratified and confirmed; and
 - (b) all indemnities and guarantees contained in the Transaction Documents continue in full force and effect in accordance with their terms, extend to the indebtedness, liability and obligations of the Corporation under this Debenture, and are hereby acknowledged, ratified and confirmed.

2.2 Indebtedness and Payment of Indebtedness

The Corporation, for value received, hereby acknowledges itself indebted and promises and covenants to pay to 2726398 Ontario Inc., the registered holder hereof for the time being (the "**Holder**"):

- (1) the Principal Sum;
- (2) interest on any monies owing by the Corporation to the Holder hereunder; and
- (3) all other monies which may be owing by the Corporation to the Holder pursuant to this Debenture.

The Corporation shall, when not in default, and upon delivery of 30 days' prior written notice to the Holder, have the privilege to prepay all or part of the Principal Sum outstanding together with any and all accrued interest owing in accordance with Section 2.3.

2.3 Interest and Payment of Interest

- (1) The Corporation shall pay simple interest on that portion of the Principal Sum outstanding from time to time hereunder from the date hereof up to and including

the date of repayment in full of the Principal Sum at the rate of 18% per annum calculated and payable on the 13th day of each month.

- (2) If prepayment occurs within the first 6 months of the term of this Debenture then the Holder is entitled to receive 6 months of interest payments against the Principal Sum outstanding as at the date thereof.
- (3) The covenant of the Corporation to pay interest at the rate provided herein shall not merge in any judgement in respect of any obligation of the Corporation hereunder and such judgement shall bear interest in the manner set out in this Section 2.3 **Error! Reference source not found.** and be payable on the same days when interest (whether hereunder or otherwise) is payable hereunder.
- (4) The Corporation shall make all payments of the Principal Sum and interest on this Debenture free and clear of, and without withholding of or deduction for or on account of, any present or future taxes, levies, imposts, deductions, charges, withholdings and all related liabilities ("**Taxes**") imposed or levied by any taxing authority with jurisdiction over the payment ("**Taxing Authority**") unless such Taxes are required to be withheld or deducted by the Corporation by law or by interpretation or administration thereof, or upon demand of any such Taxing Authority. The Corporation shall make any withholdings or deductions in respect of the Taxes required by law or by the interpretation or administration thereof, and shall remit the full amount withheld or deducted to the relevant Taxing Authority in accordance with applicable law and shall provide the Holder with full particulars thereof in writing. In the event that such withholdings or deductions are so required, or if the Holder of this Debenture shall be obligated to pay any Taxes of or in respect of any payment under this Debenture, then the Corporation shall pay such additional amounts to the Holder of this Debenture as may be necessary to ensure that the Holder of this Debenture receives a net amount equal to the full amount that it would have been entitled to receive had the payments of Principal Sum and interest been made without such withholdings or deductions, and the Corporation shall indemnify the Holder to the extent that the Holder does not receive such additional amounts, except that no additional amounts shall be payable with respect to any payment on this Debenture in respect of any Taxes payable in respect of the net income or capital of the Holder of this Debenture.
- (5) Overdue interest shall be payable forthwith without demand by the Holder.
- (6) Subject to Section 2.3, in respect of the timing of payment and method for calculating the amount of interest to be paid on the Debenture, whenever interest is computed on the basis of a year (the "**deemed year**") which contains fewer 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.

2.4 **Designation and Terms of Debenture**

This Debenture shall be issued and fully registered as a Debenture in the denomination of \$4,000,000.00 and shall be dated as of the Date of Issue and shall mature on the Maturity Date.

2.5 **Registration**

The Corporation shall cause to be kept at a central register at the principal office of the Corporation in which shall be entered the name and address of the Holder of the Debenture and particulars of the Debenture held by the Holder. Such registration shall be noted on the Debenture by the Corporation or other registrar designated by the Corporation.

2.6 **Ownership and Payment**

- (1) Subject to any applicable law, the person in whose name any Debenture is registered shall for all the purposes hereof be and be deemed to be the owner thereof and payment of or on account of the Principal Sum, shall be made only to or upon the order in writing of such person and such payment shall be a good and sufficient discharge to the Corporation and any other registrar for the amount so paid.
- (2) The registered holder for the time being of any Debenture shall be entitled to the Principal Sum, free from all equities or rights of set off or counterclaim between the Corporation and the original or any intermediate holder thereof (except any equities of which the Corporation is required to take notice by statute or by order of a court of competent jurisdiction) and all persons may act accordingly, and the payment to any such holder of any such Principal Sum shall be a good discharge to the Corporation for the same, and neither the Corporation nor any registrar shall be bound to enquire into the title of any such holder.

2.7 **Mutilation, Loss or Destruction of Debenture**

In case this Debenture shall become mutilated or be lost, destroyed or stolen the Corporation may issue a new Debenture of like date and tenor upon surrender and cancellation of the mutilated Debenture or, in the case of a lost, destroyed or stolen Debenture, in lieu of and in substitution for the same, and the new or substituted Debenture shall be in a form approved by the Corporation.

ARTICLE 3 **COVENANTS OF THE CORPORATION**

3.1 **General Covenants**

The Corporation hereby covenants, represents and warrants to the Holder that:

- (1) it will duly and punctually pay to the Holder the Principal Sum, the interest thereon and all other sums payable hereunder on the dates and at the places, and in the manner provided for herein;
- (2) it will at all times maintain its corporate existence; will carry on and conduct, and will cause to be carried on and conducted, its business in a proper, efficient and businesslike manner and in accordance with good business practice;
- (3) it will fully and effectually maintain and keep maintained the security granted to the Holder as a valid and effective security at all times;
- (4) each of the Corporation, CannaPiece Corp., and Canadian Craft Growers Corp, is a corporation duly incorporated, organized and validly existing under the provincial laws of Ontario, and Greenzone Therapy Inc. is a corporation duly

incorporated, organized and validly existing under the federal laws of Canada and each of the Corporation and the Subsidiaries are in good standing under such laws. Each of the Corporation and the Subsidiaries have full corporate power, authority and capacity: (i) to own or lease and operate its properties and assets; (ii) to carry on its business as presently conducted and proposed to be conducted; and (iii) to execute and deliver this Debenture and the Transaction Documents to which it is a party and to perform all obligations contemplated herein and therein. Each of the Corporation and the Subsidiaries have taken all necessary action required to authorize the execution and delivery of this Debenture and the Transaction Documents to which they are a party and the performance of their obligations hereunder and thereunder;

- (5) this Debenture and the Transaction Documents have been duly executed and delivered by the Corporation and the Subsidiaries, as applicable, and are legal, valid and binding obligations of the Corporation and the Subsidiaries, as applicable, enforceable against each of the Corporation and the Subsidiaries in accordance with their respective terms except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting creditors' rights generally, and (ii) equitable principles which may limit the availability of certain equitable remedies (such as specific performance) in certain instances;
- (6) the execution, delivery and performance by each of the Corporation and the Subsidiaries of their obligations under the Debenture and the Transaction Documents to which they are a party and the consummation by each of the Corporation and the Subsidiaries of the transactions contemplated hereby and thereby, will not: (i) result (with or without the giving of notice or the lapse of time or both) in any conflict, violation, breach or default, or the creation of any encumbrance, or the termination, acceleration, vesting or modification of any right or obligation, under or in respect of (A) the articles or by-laws of each of the Corporation and the Subsidiaries, (B) any judgment, decree, order, statute, rule or regulation binding on or applicable to the Corporation and the Subsidiaries, (C) any agreement or instrument to which any of the Corporation or the Subsidiaries are a party to or bound by or any of their assets are bound by, or (D) any law, (ii) require any notice, consent, approval, authorization, declaration, filing or registration with any governmental body or authority or other Person, or (iii) result in the creation of any lien, encumbrance or security interest whatsoever on the assets of the Corporation;
- (7) there are no orders, actions or other legal proceedings, nor are there any threatened or pending orders, actions or other legal proceedings, which if determined adversely, would prevent or restrict each the Corporation and the Subsidiaries from completing this Debenture and the transactions contemplated herein and in the Transaction Documents;
- (8) there are no existing shareholders' agreements, voting trusts, pooling agreements or other similar agreements, arrangements or understandings in respect of the ownership or voting of any of the shares of each of the Corporation or the Subsidiaries;
- (9) each of the Corporation and the Subsidiaries are in compliance with: (i) all laws, statutes, governmental regulations, judicial or administrative tribunal orders, judgments, writs, injunctions, decrees and similar commands applicable to each

of them and their business; (ii) all terms and provisions of all contracts and agreements, instruments and commitments to which each of the Corporation and the Subsidiaries are a party or to which any of them or any of their assets or properties are subject; and (iii) their articles and by-laws;

- (10) The authorized capital of CannaPiece Corp. consists of an unlimited number of common shares, of which 100 common shares are issued and outstanding and the Corporation is the registered and beneficial owner of all such shares of CannaPiece Corp. The authorized capital of Canadian Craft Growers Corp. consists of an unlimited number of common shares, of which 100 common shares are issued and outstanding and the Corporation is the registered and beneficial owner of all such shares of Canadian Craft Growers Corp. The authorized capital of Greenzone Therapy Inc. consists of an unlimited number of Class "A" common voting shares and an unlimited number of Class "B" common non-voting shares, of which 10,000 Class "A" common voting shares are issued and outstanding and the Corporation is the registered and beneficial owner of all such shares of Greenzone Therapy Inc. All of the outstanding shares of each of the Corporation and the Subsidiaries have been duly authorized, are fully paid and non-assessable and were issued in compliance with securities laws;
- (11) there is no claim, action, suit, proceeding, arbitration, complaint, charge or investigation ongoing, pending or threatened against or affecting each of the Corporation and the Subsidiaries or any officer or director thereof, before any court or before or by a governmental body or authority or before any arbitrator or board. There is no judgment, order, writ, injunction, decree or award of any court, arbitrator or governmental body or authority outstanding against the Corporation and/or the Subsidiaries. There is no action, suit, proceeding or investigation by the Corporation and/or the Subsidiaries existing against or pending or that the Corporation and/or the Subsidiaries intends to initiate against any Person;
- (12) there are no provisions in any agreement binding on the Corporation which restrict or limit the powers of the Corporation or of its officers or directors on its behalf, to borrow money upon the credit of the Corporation, to issue, re-issue, sell or pledge debt obligations of the Corporation, to give a guarantee on behalf of the Corporation to secure the performance of an obligation of any person or party, to mortgage, charge, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, now owned or subsequently acquired, to secure any debt or any other obligation of the Corporation;
- (13) it will do, observe and perform all of its obligations and all matters and things necessary or expedient to be done, observed or performed under or by virtue of any lease agreement, joint venture agreement, license, or other contract, so long as the same is, in the opinion of the directors of the Corporation, of commercial value, in order to preserve, protect and maintain the rights of the Corporation, and will not suffer or permit any default for which any such lease, agreement, joint venture agreement, license, or contract might be terminated or for which any other party thereto might be relieved of any of its obligations thereunder or for which any obligations of any such party might be reduced;
- (14) neither the Corporation nor any of the Subsidiaries shall create any security interests, or grant any security agreement or mortgage encumbering any of its

personal or intangible property or any of its real estate interests unless the written consent of the Holder is first obtained; and

- (15) it will not sell or otherwise dispose of by conveyance, transfer, lease or otherwise any of its assets or undertakings.

ARTICLE 4

DEFAULT AND ENFORCEMENT

4.1 Acceleration of Maturity on Default

Each of the following shall constitute an event of default (hereinafter referred to as an "**Event of Default**"):

- (1) if the Corporation does not pay when due any amount of the Principal Sum, or interest or other amount payable by it under the Debenture at the place and in the currency in which such amount is expressed to be payable;
- (2) if the Corporation makes a general assignment for the benefit of creditors; or any proceeding is instituted by it seeking relief as debtor, or to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts or for an order for similar relief under any law relating to bankruptcy, insolvency, reorganization or relief of debtors (including under any statutes relating to the incorporation of companies) or seeking appointment of a receiver or trustee, or other similar official for it or for any substantial part of its properties or assets; or any corporate or partnership action is taken to authorize any of the actions referred to in this Section 4.1(2);
- (3) if any proceedings are instituted against the Corporation seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts or an order for similar relief under any law relating to bankruptcy, insolvency, reorganization or relief of debtors (including under any statutes relating to the incorporation of companies) or seeking appointment of a receiver, trustee or other similar official for it or for any substantial part of its properties or assets;
- (4) if any proceedings with respect to the Corporation are commenced under the *Companies' Creditors Arrangement Act* (Canada);
- (5) if the Corporation takes any corporate proceedings for its dissolution, liquidation or amalgamation with any other Corporation or if the corporate existence of the Corporation shall be terminated by expiration, forfeiture or otherwise, or if the Corporation ceases or threatens to cease, to carry on all or a substantial part of its business;
- (6) if, on or before June 30, 2021, CannaPiece Corp does not utilize the total available amount under the Equipment Loan Agreement, being \$3,000,000.00, for the purchase of the new equipment in respect of the business of the Corporation;
- (7) if the Corporation defaults in the performance or observance of any term, condition, covenant, representation or warranty contained in this Debenture; or

- (8) in the event that the Corporation or any of the Subsidiaries defaults in any of its obligations under the Equipment Loan Agreement; obligations to Pivot Financial Inc. or any terms or conditions applicable to obligations for borrowed money.

Should an Event of Default occur, the Holder may in its sole discretion declare the Principal Sum and all accrued interest owing of this Debenture to be due and payable on demand, and the same shall forthwith become immediately due and payable. Notwithstanding anything herein contained to the contrary, the Corporation shall, on such demand, forthwith pay to the Holder, the Principal Sum of this Debenture. Such payment when made shall be deemed to have been made in discharge of the Corporation's obligations hereunder.

4.2 Waiver of Default

The Holder shall have the power to waive any default or to cancel any declaration made by the Holder upon such terms and conditions as the Holder shall prescribe.

4.3 Remedies Cumulative

No remedy herein conferred upon or to the Holder is intended to be exclusive of any other remedy, but each and every other 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.

ARTICLE 5

SECURITY

5.1 Security

As general and continuing security for the obligations of the Corporation hereunder, including the payment of the Principal Sum and interest on any monies owing by the Corporation to the Holder, the following security shall be granted to the Holder, in each case in form and substance satisfactory to the Holder:

- (1) A first ranking general security agreement executed by the Corporation in favour of the Holder, creating a security interest in all of the Corporation's present and after-acquired personal property, subject only to the Priority Agreement, a security agreement in favour of Xerox Canada Ltd. in respect of copier equipment and the proceeds thereof, and a security agreement in favour of Hyundai Capital Leasing Inc. and Hyundai Motor Finance in respect of a 2018 Hyundai Elantra GT motor vehicle;
- (2) A second mortgage on the real property municipally known as 580 Lake Road, Clarington, Ontario executed by the Corporation in favour of the Holder in the principal amount of Four Million Dollars (\$4,000,000.00);
- (3) A general security agreement executed by each of CannaPiece Corp., Canadian Craft Growers Corp. and Greenzone Therapy Inc. (the "**Corporate Guarantors**") in favour of the Holder, creating a first ranking security interest in all of the present and after-acquired personal property of each of the Corporate Guarantors, which, in respect of the personal property of CannaPiece Corp., is subject to the Disclaimers of Interest; and

- (4) A guarantee of the obligations of the Corporation to the Holder executed by the Corporate Guarantors and Ali Etemadi, Afshin Souzankar, Ahmad Rasouli and Reza Khadem Shahreza (the "**Personal Guarantors**") in favour of the Holder.

ARTICLE 6
CONSOLIDATION AND AMALGAMATION

6.1 Successor Corporation

The Corporation shall not enter into any transaction whereby all or substantially all of its undertaking, property and assets would become the property of any other corporation (herein called a "**successor corporation**") whether by way of reorganization, reconstruction, consolidation, amalgamation, merger, transfer, sale or otherwise, unless prior to or contemporaneously with the consummation of such transaction, the Corporation and the successor corporation shall have executed such instruments and done such things as are necessary or advisable to establish that upon the consummation of such transaction:

- (1) the successor corporation will have assumed all the covenants and obligations of the Corporation under this Debenture; and
- (2) this Debenture will be a valid and binding obligation of the successor corporation entitling the Holder, as against the successor corporation, to all the rights of the Holder under this Debenture.

6.2 Successor to Possess Powers of the Corporation

Whenever the conditions of Section 6.1 hereof shall have been duly observed and performed, the successor corporation shall possess and from time to time may exercise each and every right and power of the Corporation under this Debenture in the name of the Corporation or otherwise and any act or proceeding by any provision hereof required to be done or performed by any Director or officer of the Corporation may be done and performed with like force and effect by the like directors or officers of the successor corporation.

ARTICLE 7
NOTICES

7.1 Notice

Any notice by one party to the other party under the provisions hereof shall be valid and effective if delivered, sent by e-mail or mailed by prepaid registered mail to the other party at:

In the case of the Corporation:

CannaPiece Group Inc.
100 Allstate Pkwy Suite 201
Markham, ON L3R 6H3

Attention: Ali Etemadi
E-mail:ali@cannapiece.ca

In the case of the Holder:

2726398 Ontario Inc.,
7699 Yonge Street
Thornhill, ON L3T 1Z5

Attention: Mehran Aryafar
E-mail: mehran@aryafar.ca

and, subject as provided in this Section 7.1, shall be deemed to have been given at the time of delivery or sending by facsimile or electronic transmission or on the tenth Business Day after mailing. Any delivery made or facsimile or electronic transmission sent on a day other than a Business Day or after 4:00 p.m. (Toronto time) on a Business Day, shall be deemed to be received on the next following Business Day. In the case of disruption in postal services, any notice shall be delivered or sent by facsimile or electronic transmission. Either party may, from time to time, notify the other party of a change in address or facsimile number which thereafter, until changed by like notice, shall be the address or facsimile number of such party giving notice for all purposes of this Debenture.

ARTICLE 8 **SUPPLEMENT TO DEBENTURE**

8.1 Supplement to Debenture

From time to time the Corporation shall, when so directed by the Holder, execute, acknowledge and deliver by their proper officers deeds or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more of the following purposes:

- (1) adding to the covenants of the Corporation herein contained for the protection of the Holder or providing for events of default in addition to those herein specified;
- (2) making such provisions not inconsistent with this Debenture as may be necessary or desirable with respect to matters or questions arising hereunder, including the making of any modifications in the form of the Debenture which do not affect the substance thereof and which provisions and modifications will not, in the opinion of the Holder's solicitor, be prejudicial to the interests of the Holder;
- (3) evidencing the succession or the successive successions of other corporations to the Corporation and the covenants of and obligations assumed by any such successor in accordance with the provisions of this Debenture; and
- (4) for any other purpose not inconsistent with the terms of this Debenture.

The Corporation may correct any typographical or other manifest errors in this Debenture, provided that in the opinion of the Holder's solicitor such corrections will not prejudice the rights of the Holder hereunder and may execute all such documents as may be necessary to correct such errors.

ARTICLE 9 **SATISFACTION AND DISCHARGE**

9.1 Discharge


Upon the Principal Sum and interest (including interest on amounts in default, if any) on this Debenture and all other money payable hereunder having been paid or satisfied, the Holder shall, at the request of the Corporation, release and discharge this Debenture.


--- SIGNATURE PAGE FOLLOWS ---

IN WITNESS WHEREOF the parties hereto have duly executed this Debenture in the Province of Ontario and agree to be bound thereby as of the date first written above.

HOLDER:

2726398 ONTARIO INC.

Per: 
Name: Mehran Aryafar c/s
Title: President

Per: 
Name: Ardeshir Omani c/s
Title: Secretary
We have authority to bind the above

CORPORATION (BORROWER):

CANNAPIECE GROUP INC.

Per: _____
Name: c/s
Title:

Per: _____
Name: c/s
Title:
We have authority to bind the above

CORPORATE GUARANTORS:

IN WITNESS WHEREOF the parties hereto have duly executed this Debenture in the Province of Ontario and agree to be bound thereby as of the date first written above.

HOLDER:

2726398 ONTARIO INC.

Per: _____
Name: Mehran Aryafar c/s
Title: President

Per: _____
Name: Ardeshir Omaniian c/s
Title: Secretary

We have authority to bind the above

CORPORATION (BORROWER):

CANNAPIECE GROUP INC.

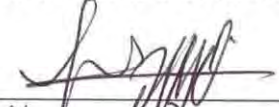
Per: _____
Name: *Afshin Souzanikar* c/s
Title: *AFSHIN SOUZANIKAR*
president

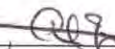
Per: _____
Name: _____ c/s
Title: _____

We have authority to bind the above

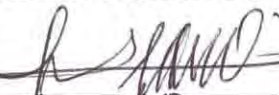
CORPORATE GUARANTORS:


CANADIAN CRAFT GROWERS CORP.

Per: 
Name: Ahmad Rasouli c/s
Title: President

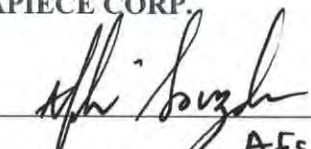
Per: 
Name: Vice President Ali Etemadi c/s
Title:
We have authority to bind the above

GREENZONE THERAPY INC.

Per: 
Name: Ahmad Rasouli c/s
Title: President

Per: 
Name: Rooney DAV c/s
Title: CFO.
We have authority to bind the above

CANNAPIECE CORP.

Per: 
Name: Afshin Souzani c/s
Title: president

Per: _____
Name: _____ c/s
Title: _____
We have authority to bind the above

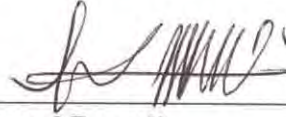
INDIVIDUAL GUARANTORS:



Ali Etemadi



Afshin Souzankar



Ahmad Rasouli



Reza Khadem Shahreza

**This is Exhibit "U" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square, black-and-white image of a handwritten signature, appearing to be the initials 'mf'.

A COMMISSIONER FOR TAKING AFFIDAVITS



Fogler, Rubinoff LLP
Lawyers

77 King Street West
Suite 3000, PO Box 95
TD Centre North Tower
Toronto, ON M5K 1G8
t: 416.864.9700 | f: 416.941.8852
foglers.com

January 14, 2022

Reply To: Robert B. Macdonald
Direct Dial: 647.729.0754
E-mail: rmacdonald@foglers.com
Our File No. 202972

VIA REGISTERED MAIL

Afshin Souzankar
100 Allstate Pkwy, Suite 201
Markham, ON L3R 6H3

Dear Sir:

Re: 2726398 Ontario Inc. ("272") Loans Provided to CannaPiece Group Inc. (the "Borrower") Pursuant to the First Amended and Restated Debenture dated December 13, 2020 (the "First Amended and Restated Debenture") and a Debenture Agreement dated December 13, 2020 (the "Debenture Agreement")

We are solicitors for 272 in this matter.

272 holds unlimited guarantees from you dated December 5, 2019 and December 13, 2020 in relation to the indebtedness of CannaPiece Group Inc. to 272 (the "**Guarantees**").

The First Amended and Restated Debenture and the Debenture Agreement matured on December 13, 2021. However, the Borrower failed to pay 272 in accordance with its obligations. This letter constitutes demand upon you for the satisfaction of the Guarantees, concurrent with 272's demand upon the Borrower. The amount due and payable under the Guarantees as of January 14, 2022 is \$7,111,215.60 (the "**Indebtedness**"). Interest continues to accrue on the Indebtedness at the daily rate of \$3,452.05.

We have been instructed by 272 and do hereby demand payment of the Indebtedness, which is now due and payable. If we do not receive a certified cheque, money order or bank draft payable to "Fogler, Rubinoff LLP, in trust" on or before **February 14, 2022** for the full amount of the Indebtedness as at the date of payment, we anticipate receiving instructions to take such further and other action or proceeding available to 272 in its sole discretion without further notice to you.

Yours truly,

FOGLER, RUBINOFF LLP

Robert B. Macdonald

Robert B. Macdonald
RBM*hc



Fogler, Rubinoff LLP
Lawyers

77 King Street West
Suite 3000, PO Box 95
TD Centre North Tower
Toronto, ON M5K 1G8
t: 416.864.9700 | f: 416.941.8852
foglers.com

January 14, 2022

Reply To: Robert B. Macdonald
Direct Dial: 647.729.0754
E-mail: rmacdonald@foglers.com
Our File No. 202972

VIA REGISTERED MAIL

Reza Khadem Shahreza
100 Allstate Pkwy, Suite 201
Markham, ON L3R 6H3

Dear Sir:

Re: 2726398 Ontario Inc. ("272") Loans Provided to CannaPiece Group Inc. (the "Borrower") Pursuant to the First Amended and Restated Debenture dated December 13, 2020 (the "First Amended and Restated Debenture") and a Debenture Agreement dated December 13, 2020 (the "Debenture Agreement")

We are solicitors for 272 in this matter.

272 holds unlimited guarantees from you dated December 5, 2019 and December 13, 2020 in relation to the indebtedness of CannaPiece Group Inc. to 272 (the "**Guarantees**").

The First Amended and Restated Debenture and the Debenture Agreement matured on December 13, 2021. However, the Borrower failed to pay 272 in accordance with its obligations. This letter constitutes demand upon you for the satisfaction of the Guarantees, concurrent with 272's demand upon the Borrower. The amount due and payable under the Guarantees as of January 14, 2022 is \$7,111,215.60 (the "**Indebtedness**"). Interest continues to accrue on the Indebtedness at the daily rate of \$3,452.05.

We have been instructed by 272 and do hereby demand payment of the Indebtedness, which is now due and payable. If we do not receive a certified cheque, money order or bank draft payable to "Fogler, Rubinoff LLP, in trust" on or before **February 14, 2022** for the full amount of the Indebtedness as at the date of payment, we anticipate receiving instructions to take such further and other action or proceeding available to 272 in its sole discretion without further notice to you.

Yours truly,

FOGLER, RUBINOFF LLP

Robert B. Macdonald

Robert B. Macdonald
RBM*hc



Fogler, Rubinoff LLP
Lawyers

77 King Street West
Suite 3000, PO Box 95
TD Centre North Tower
Toronto, ON M5K 1G8
t: 416.864.9700 | f: 416.941.8852
foglers.com

January 14, 2022

Reply To: Robert B. Macdonald
Direct Dial: 647.729.0754
E-mail: rmacdonald@foglers.com
Our File No. 202972

VIA REGISTERED MAIL

Ahmad Rasouli
100 Allstate Pkwy, Suite 201
Markham, ON L3R 6H3

Dear Sir:

Re: 2726398 Ontario Inc. ("272") Loans Provided to CannaPiece Group Inc. (the "Borrower") Pursuant to the First Amended and Restated Debenture dated December 13, 2020 (the "First Amended and Restated Debenture") and a Debenture Agreement dated December 13, 2020 (the "Debenture Agreement")

We are solicitors for 272 in this matter.

272 holds unlimited guarantees from you dated December 5, 2019 and December 13, 2020 in relation to the indebtedness of CannaPiece Group Inc. to 272 (the "**Guarantees**").

The First Amended and Restated Debenture and the Debenture Agreement matured on December 13, 2021. However, the Borrower failed to pay 272 in accordance with its obligations. This letter constitutes demand upon you for the satisfaction of the Guarantees, concurrent with 272's demand upon the Borrower. The amount due and payable under the Guarantees as of January 14, 2022 is \$7,111,215.60 (the "**Indebtedness**"). Interest continues to accrue on the Indebtedness at the daily rate of \$3,452.05.

We have been instructed by 272 and do hereby demand payment of the Indebtedness, which is now due and payable. If we do not receive a certified cheque, money order or bank draft payable to "Fogler, Rubinoff LLP, in trust" on or before **February 14, 2022** for the full amount of the Indebtedness as at the date of payment, we anticipate receiving instructions to take such further and other action or proceeding available to 272 in its sole discretion without further notice to you.

Yours truly,

FOGLER, RUBINOFF LLP

Robert B. Macdonald

Robert B. Macdonald
RBM*hc



Fogler, Rubinoff LLP
Lawyers

77 King Street West
Suite 3000, PO Box 95
TD Centre North Tower
Toronto, ON M5K 1G8
t: 416.864.9700 | f: 416.941.8852
foglers.com

January 14, 2022

Reply To: Robert B. Macdonald
Direct Dial: 647.729.0754
E-mail: rmacdonald@foglers.com
Our File No. 202972

VIA EMAIL: ali@cannapiece.ca and VIA REGISTERED MAIL

CannaPiece Group Inc.
100 Allstate Pkwy, Suite 201
Markham, ON L3R 6H3

Attention: Ali Etemadi

Dear Sir:

Re: 2726398 Ontario Inc. ("272") Loans Provided to CannaPiece Group Inc. (the "Borrower") Pursuant to the First Amended and Restated Debenture dated December 13, 2020 (the "First Amended and Restated Debenture") and a Debenture Agreement dated December 13, 2020 (the "Debenture Agreement")

We are solicitors for 272 in this matter.

The Borrower is indebted to 272 under the terms of the loan provided to the Borrower by 272 under the First Amended and Restated Debenture and the Debenture Agreement entered into between 272 and the Borrower.

As security for the Borrower's obligations, 272 holds comprehensive security from the Borrower including, but not limited to (collectively, the "**Security**"), mortgage security registered against the property known as 580 Lake Road, Clarington, Ontario and General Security Agreements granted by the Borrower in favour of 272.

Both the First Amended and Restated Debenture and the Debenture Agreement matured on December 13, 2021. The Borrower's failure to pay all amounts owing to 272 upon maturity constitutes an event of default.

As of January 7, 2021, the Borrower is indebted to 272 under both the First Amended and Restated Debenture and the Debenture Agreement in the total amount of \$7,111,215.60 (the "**Indebtedness**") as follows:

Principal	\$7,000,000.00
Interest (December 13, 2021 to January 14, 2022)	\$110,465.60
Legal costs	\$750.00

Total Amount Owing as of January 7, 2022

\$7,111,215.60

Interest continues to accrue at the rate of \$3,452.05 per day and in accordance with the First Amended and Restated Debenture and the Debenture Agreement.

We have been instructed by 272 and do hereby demand payment of the Indebtedness, which is now due and payable. If we do not receive a certified cheque, money order or bank draft payable to "Fogler, Rubinoff LLP, in trust" on or before **February 14, 2022** for the full amount of the Indebtedness as at the date of payment, we anticipate receiving instructions to take such further and other action or proceeding available to 272 in its sole discretion without further notice to you.

If, prior to such date, circumstances require that we take steps to protect, preserve or recover and or all of the Security, we hereby reserve the right to do so without further notice to you.

Concurrently with the delivery of this demand letter, we are delivering a Notice of Intention to Enforce Security in accordance with the *Bankruptcy and Insolvency Act*.

Yours truly,

FOGLER, RUBINOFF LLP

Robert B. Macdonald

Robert B. Macdonald
RBM*hc
Encl.

NOTICE OF INTENTION TO ENFORCE SECURITY
(Subsection 244(1) of the *Bankruptcy and Insolvency Act*)

TO: CannaPiece Group Inc. ("CannaPiece"), an insolvent person

TAKE NOTICE THAT:

1. 2726398 Ontario Inc. ("**272**"), a secured creditor, intends to enforce its security on the property of the insolvent person described below:

all real and personal property, including without limitation, inventory, equipment, accounts receivable of every kind and nature whatsoever, books, records, chattel paper, documents of title, securities, debts, accounts, claims, choses in action, monies and proceeds.
2. The security that is to be enforced is in the form of:
 - (a) mortgage security registered in favour of 272 and against title to the property known as 580 Lake Road, Clarington, Ontario and bearing Instrument Numbers DR1856301 and DR1970099;
 - (b) General Security Agreement from CannaPiece to 272 dated December 5, 2019;
 - (c) General Security Agreement from CannaPiece to 272 dated December 13, 2020; and
 - (d) Any other security granted by CannaPiece in favour of 272.
3. The total amount of indebtedness secured by the security as of January 14, 2022 is \$7,111,215.60.
4. 272 will not have the right to enforce its security until after the expiry of the 10-day period after this notice is sent unless the insolvent person, CannaPiece, consents to an earlier enforcement.

DATED at Toronto, Ontario this 14th day of January, 2022.

FOGLER, RUBINOFF LLP
on behalf of 2726398 Ontario Inc.

Per: *Robert B. Macdonald*

Robert B. Macdonald



Fogler, Rubinoff LLP
Lawyers

77 King Street West
Suite 3000, PO Box 95
TD Centre North Tower
Toronto, ON M5K 1G8
t: 416.864.9700 | f: 416.941.8852
foglers.com

January 14, 2022

Reply To: Robert B. Macdonald
Direct Dial: 647.729.0754
E-mail: rmacdonald@foglers.com
Our File No. 202972

VIA REGISTERED MAIL

Canadian Craft Growers Corp.
100 Allstate Pkwy, Suite 201
Markham, ON L3R 6H3

Dear Sir:

Re: 2726398 Ontario Inc. ("272") Loans Provided to CannaPiece Group Inc. (the "Borrower") Pursuant to the First Amended and Restated Debenture dated December 13, 2020 (the "First Amended and Restated Debenture") and a Debenture Agreement dated December 13, 2020 (the "Debenture Agreement")

We are solicitors for 272 in this matter.

272 holds unlimited guarantees from you dated December 5, 2019 and December 13, 2020 in relation to the indebtedness of CannaPiece Group Inc. to 272 (the "**Guarantees**"). You also granted General Security Agreements dated December 5, 2019 and December 13, 2020 in favour of 272 (the "**GSAs**").

The First Amended and Restated Debenture and the Debenture Agreement matured on December 13, 2021. However, the Borrower failed to pay 272 in accordance with its obligations. This letter constitutes demand upon you for the satisfaction of the Guarantees, concurrent with 272's demand upon the Borrower. The amount due and payable under the Guarantees as of January 14, 2022 is \$7,111,215.60 (the "**Indebtedness**"). Interest continues to accrue on the indebtedness at the daily rate of \$3,452.05.

We have been instructed by 272 and do hereby demand payment of the Indebtedness, which is now due and payable. If we do not receive a certified cheque, money order or bank draft payable to "Fogler, Rubinoff LLP, in trust" on or before **February 14, 2022** for the full amount of the Indebtedness as at the date of payment, we anticipate receiving instructions to take such further and other action or proceeding available to 272 in its sole discretion without further notice to you.

If, prior to such date, circumstances require that we take steps to protect, preserve or recover and or all of the property that is subject to the GSAs, we hereby reserve the right to do so without further notice to you.

Concurrently with the delivery of this demand letter, we are delivering a Notice of Intention to Enforce Security in accordance with the *Bankruptcy and Insolvency Act*.

Yours truly,

FOGLER, RUBINOFF LLP

Robert B. Macdonald

Robert B. Macdonald
RBM*hc
Encl.

NOTICE OF INTENTION TO ENFORCE SECURITY
(Subsection 244(1) of the *Bankruptcy and Insolvency Act*)

TO: Canadian Craft Growers Corp. ("CCGC"), an insolvent person

TAKE NOTICE THAT:

1. 2726398 Ontario Inc. ("**272**"), a secured creditor, intends to enforce its security on the property of the insolvent person described below:

all real personal property, including without limitation, inventory, equipment, accounts receivable of every kind and nature whatsoever, books, records, chattel paper, documents of title, securities, debts, accounts, claims, choses in action, monies and proceeds.
2. The security that is to be enforced is in the form of:
 - (a) General Security Agreement from CCGC to 272 dated December 5, 2019;
 - (b) General Security Agreement from CCGC to 272 dated December 13, 2020; and
 - (c) Any other security granted by CCGC in favour of 272.
3. The total amount of indebtedness secured by the security as of January 14, 2022 is \$7,111,215.60.
4. 272 will not have the right to enforce its security until after the expiry of the 10-day period after this notice is sent unless the insolvent person, CCGC, consents to an earlier enforcement.

DATED at Toronto, Ontario this 14th day of January, 2022.

FOGLER, RUBINOFF LLP
on behalf of 2726398 Ontario Inc.

Per: *Robert B. Macdonald*

Robert B. Macdonald



Fogler, Rubinoff LLP
Lawyers

77 King Street West
Suite 3000, PO Box 95
TD Centre North Tower
Toronto, ON M5K 1G8
t: 416.864.9700 | f: 416.941.8852
foglers.com

January 14, 2022

Reply To: Robert B. Macdonald
Direct Dial: 647.729.0754
E-mail: rmacdonald@foglers.com
Our File No. 202972

VIA REGISTERED MAIL

CannaPiece Corp.
100 Allstate Pkwy, Suite 201
Markham, ON L3R 6H3

Dear Sir:

Re: 2726398 Ontario Inc. ("272") Loans Provided to CannaPiece Group Inc. (the "Borrower") Pursuant to the First Amended and Restated Debenture dated December 13, 2020 (the "First Amended and Restated Debenture") and a Debenture Agreement dated December 13, 2020 (the "Debenture Agreement")

We are solicitors for 272 in this matter.

272 holds unlimited guarantees from you dated December 5, 2019 and December 13, 2020 in relation to the indebtedness of CannaPiece Group Inc. to 272 (the "**Guarantees**"). You also granted General Security Agreements dated December 5, 2019 and December 13, 2020 in favour of 272 (the "**GSAs**").

The First Amended and Restated Debenture and the Debenture Agreement matured on December 13, 2021. However, the Borrower failed to pay 272 in accordance with its obligations. This letter constitutes demand upon you for the satisfaction of the Guarantees, concurrent with 272's demand upon the Borrower. The amount due and payable under the Guarantees as of January 14, 2022 is \$7,111,465.60 (the "**Indebtedness**"). Interest continues to accrue on the Indebtedness at the daily rate of \$3,452.05.

We have been instructed by 272 and do hereby demand payment of the Indebtedness, which is now due and payable. If we do not receive a certified cheque, money order or bank draft payable to "Fogler, Rubinoff LLP, in trust" on or before **February 14, 2022** for the full amount of the Indebtedness as at the date of payment, we anticipate receiving instructions to take such further and other action or proceeding available to 272 in its sole discretion without further notice to you.

If, prior to such date, circumstances require that we take steps to protect, preserve or recover and or all of the security that is subject to the GSAs, we hereby reserve the right to do so without further notice to you.

Concurrently with the delivery of this demand letter, we are delivering a Notice of Intention to Enforce Security in accordance with the *Bankruptcy and Insolvency Act*.

Yours truly,

FOGLER, RUBINOFF LLP

Robert B. Macdonald

Robert B. Macdonald
RBM*hc
Encl.

NOTICE OF INTENTION TO ENFORCE SECURITY
(Subsection 244(1) of the *Bankruptcy and Insolvency Act*)

TO: CannaPiece Corp. ("CannaPiece"), an insolvent person

TAKE NOTICE THAT:

1. 2726398 Ontario Inc. ("**272**"), a secured creditor, intends to enforce its security on the property of the insolvent person described below:

all real personal property, including without limitation, inventory, equipment, accounts receivable of every kind and nature whatsoever, books, records, chattel paper, documents of title, securities, debts, accounts, claims, choses in action, monies and proceeds.
2. The security that is to be enforced is in the form of:
 - (a) General Security Agreement from CannaPiece to 272 dated December 5, 2019;
 - (b) General Security Agreement from CannaPiece to 272 dated December 13, 2020;
and
 - (c) Any other security granted by CannaPiece in favour of 272.
3. The total amount of indebtedness secured by the security as of January 14, 2022 is \$7,111,215.60.
4. 272 will not have the right to enforce its security until after the expiry of the 10-day period after this notice is sent unless the insolvent person, CannaPiece, consents to an earlier enforcement.

DATED at Toronto, Ontario this 14th day of January, 2022.

FOGLER, RUBINOFF LLP
on behalf of 2726398 Ontario Inc.

Per: *Robert B. Macdonald*
Robert B. Macdonald



Fogler, Rubinoff LLP
Lawyers

77 King Street West
Suite 3000, PO Box 95
TD Centre North Tower
Toronto, ON M5K 1G8
t: 416.864.9700 | f: 416.941.8852
foglers.com

January 14, 2022

Reply To: Robert B. Macdonald
Direct Dial: 647.729.0754
E-mail: rmacdonald@foglers.com
Our File No. 202972

VIA REGISTERED MAIL

GreenZone Therapy Inc.
100 Allstate Pkwy, Suite 201
Markham, ON L3R 6H3

Dear Sir:

Re: 2726398 Ontario Inc. ("272") Loans Provided to CannaPiece Group Inc. (the "Borrower") Pursuant to the First Amended and Restated Debenture dated December 13, 2020 (the "First Amended and Restated Debenture") and a Debenture Agreement dated December 13, 2020 (the "Debenture Agreement")

We are solicitors for 272 in this matter.

272 holds unlimited guarantees from you dated December 5, 2019 and December 13, 2020 in relation to the indebtedness of CannaPiece Group Inc. to 272 (the "**Guarantees**"). You also granted General Security Agreements dated December 5, 2019 and December 13, 2020 in favour of 272 (the "**GSAs**").

The First Amended and Restated Debenture and the Debenture Agreement matured on December 13, 2021. However, the Borrower failed to pay 272 in accordance with its obligations. This letter constitutes demand upon you for the satisfaction of the Guarantees, concurrent with 272's demand upon the Borrower. The amount due and payable under the Guarantees as of January 14, 2022 is \$7,111,215.60 (the "**Indebtedness**"). Interest continues to accrue on the Indebtedness at the daily rate of \$3,452.05.

We have been instructed by 272 and do hereby demand payment of the Indebtedness, which is now due and payable. If we do not receive a certified cheque, money order or bank draft payable to "Fogler, Rubinoff LLP, in trust" on or before **February 14, 2022** for the full amount of the Indebtedness as at the date of payment, we anticipate receiving instructions to take such further and other action or proceeding available to 272 in its sole discretion without further notice to you.

If, prior to such date, circumstances require that we take steps to protect, preserve or recover and or all of the property that is subject to the GSAs, we hereby reserve the right to do so without further notice to you.

Concurrently with the delivery of this demand letter, we are delivering a Notice of Intention to Enforce Security in accordance with the *Bankruptcy and Insolvency Act*.

Yours truly,

FOGLER, RUBINOFF LLP

Robert B. Macdonald

Robert B. Macdonald
RBM*hc
Encl.

NOTICE OF INTENTION TO ENFORCE SECURITY
(Subsection 244(1) of the *Bankruptcy and Insolvency Act*)

TO: GreenZone Therapy Inc. ("GreenZone"), an insolvent person

TAKE NOTICE THAT:

1. 2726398 Ontario Inc. ("272"), a secured creditor, intends to enforce its security on the property of the insolvent person described below:

all real personal property, including without limitation, inventory, equipment, accounts receivable of every kind and nature whatsoever, books, records, chattel paper, documents of title, securities, debts, accounts, claims, choses in action, monies and proceeds.
2. The security that is to be enforced is in the form of:
 - (a) General Security Agreement from GreenZone to 272 dated December 5, 2019;
 - (b) General Security Agreement from GreenZone to 272 dated December 13, 2020;
and
 - (c) Any other security granted by GreenZone in favour of 272.
3. The total amount of indebtedness secured by the security as of January 14, 2022 is \$7,111,215.60.
4. 272 will not have the right to enforce its security until after the expiry of the 10-day period after this notice is sent unless the insolvent person, GreenZone, consents to an earlier enforcement.

DATED at Toronto, Ontario this 14th day of January, 2022.

FOGLER, RUBINOFF LLP
on behalf of 2726398 Ontario Inc.

Per: *Robert B. Macdonald*

Robert B. Macdonald

**This is Exhibit "V" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square, white box containing a handwritten signature in black ink. The signature appears to be the initials 'mjf' written in a cursive, slanted style.

A COMMISSIONER FOR TAKING AFFIDAVITS.

FORBEARANCE AND STANDSTILL AGREEMENT

THIS AGREEMENT is made as of the ____ day of February, 2022

AMONG:

2726398 ONTARIO INC.

(the "Lender")

- and -

CANNAPIECE GROUP INC.

(the "Borrower")

**CANNAPIECE CORP., CANADIAN CRAFT GROWERS CORP.
AND GREENZONE THERAPY INC.**

(each, a "Corporate Guarantor" and collectively, the "Corporate Guarantors")

- and -

**ALI ETEMADI, AFSHIN SOUZANKAR,
AHMAD RASOULI AND REZA KHADEM SHAHREZA**

(each, an "Individual Guarantor" and collectively, the "Individual Guarantors" and together with the Corporate Guarantors, the "Guarantors")

RECITALS

WHEREAS:

1. The Lender has made loans to the Borrower on the terms and conditions of: (i) the First Amended and Restated Debenture executed by the Borrower and each of the Guarantors dated December 13, 2020, as may be amended from time to time, (the "**First Debenture**") and the Debenture Agreement executed by the Borrower and each of the Guarantors dated December 13, 2020, as may be amended from time to time, (the "**Second Debenture**" and together with the First Debenture, the "**Loan Agreements**");
2. As of January 14, 2022, the Borrower's indebtedness to the Lender under the Loan Agreements totalled \$7,111,465.60 (the "**Current Indebtedness**");
3. The Borrower and each Guarantor has provided security in favour of the Lender, including, without limitation, the security set out in **Schedule "A"** hereto (collectively, the "**Security**") for the purpose of securing the payment and performance of all the debts, liabilities and obligations of the Borrower to the Lender;

4. The Security includes guarantees of the obligations of the Borrower to the Lender from the Corporate Guarantors and the Individual Guarantors;
5. The Borrower is the registered owner of the lands municipally known as 580 Lake Road, Clarington, Ontario (the "**Lands**");
6. Certain events of default have occurred under each of the Loan Agreements, including the Borrower's failure to make regular payments or deposits against the loan facilities provided by the Lender pursuant to the Loan Agreements (the "**Existing Default**");
7. The Borrower, the Corporate Guarantors and the Individual Guarantors have requested that the Lender forbear from enforcing its Security in order to provide the Borrower with additional time to repay the Indebtedness (as defined below);
8. The Lender has agreed to forbear from taking further action under the Security in connection with any default of the Borrower existing to the date hereof, and has agreed to maintain the Indebtedness (as defined below) solely on the terms, conditions and limitations as specified in this Agreement and the Loan Agreement, as amended herein;

NOW THEREFORE THIS AGREEMENT WITNESSETH that for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto), the parties agree as follows:

General Acknowledgements

9. The parties hereto acknowledge and confirm that the foregoing recitals are true and accurate in substance and in fact.
10. To the date hereof, the Lender has acted in a commercially reasonable manner and the Borrower and the Corporate Guarantors and the Individual Guarantors are estopped from disputing same.

Acknowledgment of Obligations

11. The Borrower hereby acknowledges, confirms and agrees that: (i) the Borrower is indebted to the Lender in respect of the Current Indebtedness as described in the recitals herein, together with any additional accruing interest (being the daily rate of \$3,452.05), fees and costs (the "**Indebtedness**") and (ii) such Indebtedness together with interest accrued and accruing thereon, and fees, costs, expenses and other charges now or hereafter payable by the Borrower to the Lender are unconditionally owing by the Borrower to the Lender, without offset, defence or counterclaim of any kind, nature or description whatsoever.
12. The Corporate Guarantors and the Individual Guarantors hereby acknowledge, confirm and agree that he, she or it is indebted to the Lender in respect of the Indebtedness pursuant to their respective security agreements and guarantees listed in Schedule "A" of this Agreement and that each of the Corporate Guarantors and the Individual Guarantors' obligations under their respective security agreements guarantees listed in Schedule "A" is without offset, defence or counterclaim of any kind, nature or description whatsoever.
13. The Loan Agreements, each security document set out in Schedule A, and all other agreements, instruments and other documents executed in connection with or relating to the Loan Agreements (the "**Loan Documents**") are legal, valid, binding and remain enforceable against the Borrower and each Guarantor in accordance with their terms.

14. The Borrower and each Guarantor shall continue to perform and observe all covenants, terms and conditions and other obligations contained in all of the Loan Documents and this Agreement, except with respect to the Existing Defaults.

Acknowledgment of Security Interest

15. The Borrower hereby acknowledges, confirms and agrees that the Lender has and shall continue to have valid, enforceable and perfected security interests in the personal property of the Borrower pursuant to the respective Security until the obligations owing by the Borrower to the Lender and secured thereby have been repaid in full.
16. The Corporate Guarantors acknowledge, confirm and agree that the Lender has and shall continue to have valid, enforceable and perfected security interests in the personal property of the Corporate Guarantors pursuant to the respective Security until the obligations owing by the Borrower to the Lender have been repaid in full.
17. Each Guarantor hereby ratifies and reaffirms (i) the validity, legality and enforceability of its guarantee set out in Schedule "A"; (ii) that its reaffirmation of such guarantee is a material inducement to the Lender to enter into this Agreement; and (iii) that its obligations under such guarantee shall remain in full force and effect until the obligations owing by the Borrower to the Lender have been repaid in full.

Acknowledgment of Default

18. The Borrower, the Corporate Guarantors and the Individual Guarantor hereby acknowledge, confirm and agree that: (i) certain events of default have occurred pursuant to the terms of the Loan Agreements; and (ii) subject only to the terms of this Agreement, the Lender has not waived, and does not intend to waive, any Existing Default of the Indebtedness or Security, and nothing contained herein or the transactions contemplated hereby shall be deemed to constitute any such waiver.

Acknowledgment of Demands and Notices

19. The Borrower, the Corporate Guarantors and the Individual Guarantors hereby acknowledge, confirm and agree that they have received the Lender's demand for payment in connection with the Indebtedness or Security, that a reasonable time was given to make such payment and that they have failed to fully pay the Indebtedness.
20. The Borrower and the Corporate Guarantors acknowledge, confirm and agree that they have received the Lender's notice of intention to enforce security pursuant to the *Bankruptcy and Insolvency Act* (the "BIA") in connection with the Indebtedness or Security, that a reasonable time was given to pay the Indebtedness and that they have failed to fully pay the Indebtedness.

Conditions Precedent

21. The Borrower and the Guarantors shall deliver, or cause to be delivered, the following items, each in substance and form acceptable to the Lender:
 - a. a copy of this Agreement, duly executed by the Borrower and each Guarantor; and
 - b. the payments set out in Section 27.

Representations and Warranties

22. The Borrower and each Guarantor represents and warrants as to itself that all representations and warranties relating to it contained in the Loan Documents are true and correct as of the date hereof and further represent and warrant (as applicable):
- a. The execution, delivery and performance of this Agreement are within its power and authority and have been duly authorized by all necessary action.
 - b. This Agreement constitutes a valid and legally binding agreement enforceable against the Borrower and the Guarantors in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance and similar laws affecting creditors' rights generally and to general principles of equity.
 - c. The execution, delivery and performance of this Agreement do not and will not (i) violate any law, regulation or court order to which the Borrower or the Guarantors are subject; (ii) conflict with the Borrower or the Corporate Guarantors' constating documents; or (iii) result in the creation or imposition of any lien, security interest or encumbrance on any property of the Borrower, the Corporate Guarantors or any of their subsidiaries, whether now owned or hereafter acquired, other than security interests in favour of the Lender.
 - d. There has been no material adverse change in the business, operations, assets or financial or other condition of the Borrower, the Corporate Guarantors and their subsidiaries taken as a whole.
 - e. All information provided by the Borrower and the Guarantors, or any of their respective agents, is true, correct, and complete in all material respects, as of the date provided and does not contain any untrue statements of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.

Forbearance

23. Subject to and in accordance with the terms and conditions of this Agreement, the Lender agrees that it shall not take certain actions or steps under the Security for the period commencing on the date hereof and ending on the earliest of:
- a. June 13, 2022; or
 - b. the occurrence of an Event of Default (as defined in this Agreement),
- (the "**Forbearance Period**").

During the Forbearance Period, the Indebtedness shall be repaid in accordance with this Agreement, however nothing in this Agreement shall preclude the Borrower or any related party from obtaining additional or alternative financing by way of debt and/or equity (the "**Alternative Financing**") sufficient to repay the Indebtedness. The Borrower also acknowledges that the Lender shall have no obligation to continue to forbear after the expiration of the Forbearance Period.

24. Upon the expiration or termination of the Forbearance Period, the agreement of the Lender to forbear shall automatically and without further action terminate and be of no further force and

effect, it being expressly agreed that the effect of such termination will be to permit the Lender to exercise its rights and remedies, including without limitation, private remedies available pursuant to the Security, the right to the appointment of a private receiver, and the right to apply to a Court for any other remedies available to the Lender or to seek the appointment of any permanent or interim receiver or receiver and manager or any trustee in bankruptcy.

Standstill

25. During the Forbearance Period and provided no Event of Default (as defined herein) has occurred, the Lender shall not, without the prior consent of the Borrower, enforce its Security against the Borrower in connection with the Indebtedness.
26. During the Forbearance Period and provided no Event of Default (as defined herein) has occurred, the Lender shall not enforce its Security against the Corporate Guarantors or the Individual Guarantors in connection with the Indebtedness.

Payments During the Forbearance Period

27. The Borrower hereby covenants and agrees to make the payment of \$105,000 to the Lender no later than February 24th, 2022, which will be credited to the Indebtedness.
28. The Borrower and the Guarantors each hereby understand and irrevocably agree that the Lender's acceptance of the payment contemplated in paragraph 27, above, shall be entirely without prejudice to the Lender's rights under the Loan Documents, the Security and any enforcement steps that the Lender has taken to date.

Tolling

29. (a) As of the date hereof and continuing until the termination of the Forbearance Period, and thereafter until the termination of the tolling arrangements in the manner provided herein (and notwithstanding any demands for payment or the BIA notices delivered by the Lender), the Lender, the Borrower, the Corporate Guarantors and the Individual Guarantors hereby agree to toll and suspend the running of the applicable statutes of limitations, laches or other doctrines related to the passage of time in relation to the Indebtedness, the Security, and any entitlements arising from the Indebtedness or the Security and any other related matters, and each of the parties confirms that this Agreement is intended to be an agreement to suspend or extend the basic limitation period, provided by Section 4 of the *Limitations Act, 2002* (Ontario) (the "**Limitations Act**") as well as the ultimate limitation period provided by Section 15 of the Limitations Act in accordance with the provisions of Section 22(2) of the Limitations Act and as a business agreement in accordance with the provisions of Section 22(5) of the Limitations Act and any contractual time limitations on the commencement of proceedings of any claims or defences based upon such application statute of limitations, contractual limitations or any time related doctrine including waiver, estoppel or laches;
- (b) The tolling provisions of this Agreement will terminate upon either: (i) the termination of the Forbearance Period or (ii) the Borrower or the Lender providing the other with 60 days written notice of an intention to terminate the tolling provisions hereof, and upon the expiry of the Forbearance Period or of such 60 day notice period, any time provided for under the statute of limitations, laches, or any other doctrine related to the passage of time in relation to the Indebtedness, the Security or any claims arising thereunder, will recommence running as of such date, and for greater certainty the time during which the parties agree to the suspension of the

limitation period pursuant to the tolling provisions of this Agreement shall not be included in the computation of any limitation period.

Terms and Conditions Applicable during the Forbearance Period

30. The covenants and other terms and conditions contained in the Loan Documents and the terms and conditions applicable to the credit facilities as set out in the Loan Agreements, as amended, shall continue in full force and effect, except that to the extent that there exists any actual inconsistency between such provisions and the provisions of this Agreement, the provisions of this Agreement shall govern.

Access to Records, Bank Accounts and Accounts Receivable

31. The Borrower and the Corporate Guarantors shall provide access to the Lender or its agents during normal business hours, to enter the Borrower's and the Corporate Guarantors' business premises, or any property where the Borrower's and the Corporate Guarantors' assets are located to inspect the assets or to have appraisals made of the assets, and to examine all books and records, bank accounts and accounts receivable and make copies relating thereto including any books and records required by the Lender, its representatives or agents to confirm, among other things, that the Priority Payables (as defined below) are current. All costs in connection with such appraisals, testing and enquires shall be added too and are hereby deemed to form part of the Indebtedness.

Positive Covenants

32. The Borrower and the Corporate Guarantors acknowledge and agree that no payments or advances to shareholders, partners or related parties outside of the ordinary course of business shall be made during the Forbearance Period.
33. The Borrower and the Corporate Guarantors will not sell or otherwise dispose of by conveyance, transfer, lease or otherwise any of its assets or undertakings without the prior written consent of the Lender.
34. The Borrower and the Corporate Guarantors shall keep or maintain the equipment that is subject to the Security on the leased premises in operating condition.
35. The Borrower and the Corporate Guarantors agree to keep the rent on the leased premises current and to pay the said rent to the landlord in a timely manner and to provide the Lender with written monthly confirmation of the lease payments (if applicable).
36. The Borrower shall maintain insurance in accordance with the Loan Agreement.
37. The Borrower acknowledges that it has assigned insurance in favour of Lender in accordance with the Loan Agreement.
38. The Borrower and the Corporate Guarantors agree to keep current at all times all obligations that constitute priority obligations, meaning those obligations payable in priority to the obligations owed to the Lender ("**Priority Payables**"), including wages and remittances required to be made by the Borrower and the Corporate Guarantors for taxes and other liabilities owed to federal, provincial and municipal governments, including, without limitation, property taxes and money owed in respect of employee source deductions pursuant to the *Canada Pension Plan Act*, *Employment Insurance Act* (Canada) and *Income Tax Act* (Canada), and in respect of Goods and

Services Tax and Retail Sales Tax, and the Borrower and the Corporate Guarantors agree to provide the Lender with written monthly confirmation of such payments satisfactory to the Lender.

39. The Borrower and the Corporate Guarantors shall deliver such documents and information to the Lender as the Lender may deem appropriate.

Events of Default

40. The occurrence of any one or more of the following events shall constitute an event of default (each, an "**Event of Default**") under this Agreement:
- a. any default or failure in the observance or performance of any payment, covenant, obligation or agreement contained herein by the Borrower, the Corporate Guarantors or the Individual Guarantors;
 - b. the Lender not being satisfied, at its sole and absolute discretion, that the Borrower, the Corporate Guarantors or the Individual Guarantors are co-operating with the requests made by the Lender;
 - c. any representation, warranty or statement made by the Borrower, the Corporate Guarantors or the Individual Guarantors in this Agreement or any Loan Document with the Lender that is untrue or incorrect when made or becomes untrue or incorrect;
 - d. the occurrence of any other event which, in the opinion of the Lender, acting reasonably, may materially and adversely impact the priority or enforceability of the Security granted by the Borrower, the Corporate Guarantors or the Individual Guarantor, or the realizable value of the collateral subject to such Security;
 - e. the loss, damage, destruction, deterioration or confiscation of the Borrower's or the Corporate Guarantors' property or assets or any part thereof, unless, upon such event, the Borrower or any of the Guarantors pays to the Lender forthwith such amount as the Lender, in its sole discretion, determines is satisfactory;
 - f. any change of ownership, control or management of the Borrower or any of the Corporate Guarantors, without the Lender's prior written consent;
 - g. the Lender receives a garnishment notice, requirement to pay or other notice of similar effect in respect of the Borrower or any of the Corporate Guarantors pursuant to the *Income Tax Act* (Canada), or any similar notice under any other federal or provincial statute;
 - h. the Borrower or any of the Corporate Guarantors fail to maintain and keep current payments of Priority Payables, which may result in any claim ranking in priority or *pari passu* to the claim of the Lender;
 - i. if any creditor of the Borrower, the Corporate Guarantors or the Individual Guarantors takes or continues any enforcement action which the Lender determines, in its sole and absolute discretion, may adversely impact its interests;

- j. without the prior written consent of the Lender, the Borrower, the Corporate Guarantors or the Individual Guarantor grant any new or additional security in favour of any bank, entity, person or financial institution, other than the Lender;
- k. if the Borrower takes any corporate proceedings for its dissolution, liquidation or amalgamation with any other entity or if the corporate existence of the Borrower shall be terminated by expiration, forfeiture or otherwise, or if the Borrower ceases or threatens to cease, to carry on all or a substantial part of its business;
- l. without the prior written consent of the Lender, the Borrower or any of the Corporate Guarantors makes a general assignment for the benefit of creditors; or any proceeding is instituted by it seeking relief as debtor, or to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts or for an order for similar relief under any law relating to bankruptcy, insolvency, reorganization or relief of debtors (including under any statutes relating to the incorporation of companies) or seeking appointment of a receiver or trustee, or other similar official for it or for any substantial part of its properties or assets;
- m. if any proceedings are instituted against the Borrower or any of the Corporate Guarantors seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts or an order for similar relief under any law relating to bankruptcy, insolvency, reorganization or relief of debtors (including under any statutes relating to the incorporation of companies) or seeking appointment of a receiver, trustee or other similar official for it or for any substantial part of its properties or assets;
- n. if any proceedings with respect to the Borrower are commenced under the Companies' Creditors Arrangement Act (Canada);
- o. any of the Borrower, the Corporate Guarantors or the Individual Guarantors are declared or deemed bankrupt or are subject to any other insolvency proceeding; or
- p. in the event that the Borrower or any of the Corporate Guarantors defaults in any of its obligations under the Equipment Loan Agreement (as defined in the Loan Agreements); obligations to Pivot Financial Inc. or any terms or conditions applicable to obligations for borrowed money.

Rights on Default

- 41. Upon the occurrence of an Event of Default (as defined herein), the Lender may forthwith and without notice:
 - a. declare the outstanding balance of the Indebtedness of the Borrower to the Lender to be immediately due and payable;
 - b. take any steps which the Lender considers necessary or desirable to collect payment of the outstanding balance of the Indebtedness, including enforcement of all or any of its Security including the security and guarantees listed in Schedule "A" of this Agreement; and
 - c. in addition to those rights and remedies granted herein, the Lender shall have all other rights and remedies available to it under the Security, at law or in equity. No remedy

herein conferred upon or to the Lender is intended to be exclusive of any other remedy, but each and every other 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.

Consents

42. The Borrower, the Corporate Guarantors and the Individual Guarantors hereby consent to the Lender taking any steps which it considers necessary or desirable at any time on or after the occurrence of an Event of Default (as defined herein), and to collect payment of the amount then outstanding under the Loan Agreements or this Agreement. Without limiting the generality of the foregoing, at any time on or after the occurrence of the Event of Default(as defined herein):
- a. The Borrower hereby consents to the appointment by court order of a receiver in respect of all or any of the property and assets of the Borrower;
 - b. Each of the Corporate Guarantors consents to the appointment by court order of a receiver in respect of all or any of the property and assets of each of the Corporate Guarantors; and
 - c. Each of the Guarantors consents to judgment under their respective guarantee listed in Schedule "A" of this Agreement.

Release

43. In consideration of the agreements of the Lender contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower, each Corporate Guarantor and each Individual Guarantor, on their behalf and on behalf of their successors, heirs, executors, administrators, permitted assigns, legal representatives, servants, agents, employees, officers, directors, shareholders, insurers, administrators and associated and related companies (collectively, the "**Releasors**"), hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges the Lender, the Consultant and each of their successors and assigns, participants, affiliates, subsidiaries, branches, divisions, predecessors, directors, officers, attorneys, employees, lenders and other representatives and advisors (collectively, the "**Releasees**"), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defences, rights of set-off, demands and liabilities whatsoever (the "**Claims**") of every name and nature, known or unknown, suspected or unsuspected, both arising at law and in equity, which each of the Releasors may now own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the day and date of the Agreement, including, without limitation, for or on account of, or in relation to, or in any way in connection with, any of the Loan Documents or transactions thereunder or related thereto.

No Novation

44. This Agreement will not discharge or constitute novation of any debt, obligation, covenant or agreement contained in the Loan Documents but the same shall remain in full force and effect save to the extent amended by this Agreement.

Independent Legal Advice

45. The Borrower, the Corporate Guarantors and the Individual Guarantors each acknowledge that the Lender's solicitor is not acting on their behalf and that they were advised to obtain independent legal advice in connection with this Agreement and have obtained same, or have voluntarily determined not to seek such independent legal advice and confirm same by executing this Agreement. To the extent any such party has declined to receive independent legal advice, such party hereby waives the right, should a dispute later develop, to rely on her/his/its lack of independent legal counsel to avoid her/his/its obligations, to seek indulgences from another party hereto or to otherwise attack the integrity of this Agreement or any of the provisions hereof, in whole or in part.

Notice

46. Any notice by one party to the other party under the provisions hereof shall be valid and effective if delivered in accordance with the terms set out in the Loan Agreements.

Severability

47. If any provision of this Agreement shall be deemed by any court of competent jurisdiction to be invalid or void, the remaining provisions shall remain in full force and effect.

Time of Essence

48. Time shall be of the essence of this Agreement.

Grammatical Changes

49. This Agreement is to be read as if all changes in grammar, number and gender rendered necessary by the context had been made.

Governing Law

50. This Agreement shall be interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the parties hereto hereby irrevocably submit and attorn to the jurisdiction of the courts of the Province of Ontario.

Entire Agreement

51. No amendment to this Agreement shall be effective unless made in writing and signed by all the parties. There are no representations, warranties or collateral agreements in effect between the Lender, the Borrower, the Corporate Guarantors and the Individual Guarantors relating to the subject matter hereof.

Further Assurances

52. The parties agree to do, make, execute and deliver all such further acts, documents and instruments as may be reasonably required to give effect to the true intent and meaning of this Agreement.
53. During the Forbearance Period, the Borrower, the Corporate Guarantors and the Individual Guarantors shall cooperate fully with the Lender and its agents, consultants, counsel and employees, including, without limitation, by providing promptly all information requested by any

such party, and by providing the Lender or such parties with full access to the books, records, property, assets and personnel of the Borrower wherever they may be situated, at the request of and at times convenient to any such party, acting reasonably, which right of access shall include the right to inspect and appraise such property and assets.

Waiver

54. No delay or omission by the Lender in exercising any right or remedy hereunder or with respect to the obligations hereunder shall operate as a waiver thereof or of any other right or remedy and no single or partial exercise thereof shall preclude any other or further exercise thereof of the exercise of any other right or remedy.

Successors and Assigns

55. This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective heirs, executors, administrators, trustees, estate trustees, successors and permitted assigns.

Consistency

56. If there is any inconsistency between this Agreement and the Loan Agreements or the agreements listed in Schedule A between the parties, this Agreement shall prevail.

Execution and Delivery

57. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and which taken together will be deemed to constitute one and the same instrument. Counterparts may be executed either in original, portable document format or any other electronic format and the parties adopt any signatures received in such formats as original signatures of the parties, and such delivery shall be deemed to be an original.

[Signature Page Follows]

IN WITNESS WHEREOF the parties hereto have executed this Agreement on the date first above written.

LENDER:

2726398 ONTARIO INC.

Per: _____
Name: Mehran Aryafar c/s
Title: President

Per: _____
Name: Ardeshir Omaniian c/s
Title: Secretary
We have authority to bind the above

BORROWER

CANNAPIECE GROUP INC.

Per: *Afshin Souzankar*
Name: Afshin Souzankar c/s
Title: Chief Executive Officer

Per: *Ali Etemadi*
Ali Etemadi (Feb 17, 2022 17:49 EST)
Name: Ali Etemadi c/s
Title: Chief Investment Officer
We have authority to bind the above


CORPORATE GUARANTORS:


CANADIAN CRAFT GROWERS CORP.

Per: *Afshin Souzankar*
Name: Afshin Souzankar c/s
Title: Authorized Signing Officer

Per: *Ali Etemadi*
Ali Etemadi (Feb 17, 2022 17:49 EST)
Name: Ali Etemadi c/s
Title: Authorized Signing Officer
We have authority to bind the above


GREENZONE THERAPY INC.


Per: 
Name: Ahmad Rasouli c/s
Title: President

Per: 
Per: [Rodney Davis \(Feb 18, 2022 06:14 EST\)](#)
Name: Rodney Davis c/s
Title: Chief Financial Officer

We have authority to bind the above

CANNAPIECE CORP.

Per: 
Name: Afshin Souzankar c/s
Title: Chief Executive Officer


Per: 
Per: [Ali Etemadi \(Feb 17, 2022 17:49 EST\)](#)
Name: Ali Etemadi c/s
Title: Chief Investment Officer


We have authority to bind the above

INDIVIDUAL GUARANTORS:


[Ali Etemadi \(Feb 17, 2022 17:49 EST\)](#)
Ali Etemadi


Afshin Souzankar


Ahmad Rasouli


[reza khadem-shahreza \(Feb 17, 2022 17:56 EST\)](#)
Reza Khadem Shahreza

SCHEDULE "A"

SECURITY

- (1) A general security agreement executed by the Borrower in favour of the Lender dated December 13, 2019;
- (2) A second mortgage on the Lands executed by the Borrower in favour of the Lender in the principal amount of Four Million Dollars (\$4,000,000.00);
- (3) A general security agreement executed by each of the Corporate Guarantors in favour of the Lender dated December 13, 2019;
- (4) A guarantee executed by each of the Individual Guarantors in favour of the Lender dated December 13, 2019;
- (5) Assignment of Insurance Interest executed by the Borrower in respect of the Lands dated December 13, 2019.
- (6) Environmental Indemnity executed by the Borrower, the Corporate Guarantors and the Individual Guarantors dated December 13, 2019.
- (7) A general security agreement executed by the Borrower in favour of the Lender dated December 13, 2020;
- (8) A third mortgage on the Lands executed by the Borrower in favour of the Lender in the principal amount of Three Million Dollars (\$3,000,000.00);
- (9) A general security agreement executed by each of the Corporate Guarantors in favour of the Lender dated December 13, 2020;
- (10) A guarantee executed by each of the Individual Guarantors in favour of the Lender dated December 13, 2020;
- (11) Assignment of Insurance Interest executed by the Borrower in respect of the Lands dated December 13, 2020; and
- (12) Environmental Indemnity executed by the Borrower, the Corporate Guarantors and the Individual Guarantors dated December 13, 2020.

**This is Exhibit "W" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square, black-and-white image of a handwritten signature, appearing to be the initials 'mf'.

A COMMISSIONER FOR TAKING AFFIDAVITS.



Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE

B E T W E E N:

2726398 ONTARIO INC.

Plaintiff

and

CANNAPIECE GROUP INC., CANNAPIECE CORP., CANADIAN CRAFT GROWERS
CORP., GREENZONE THERAPY INC., ALI ETEMADI, AFSHIN SOUZANKAR,
AHMAD RASOULI and REZA KHADEM SHAHREZA

Defendants

STATEMENT OF CLAIM

TO THE DEFENDANTS

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff. The Claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the *Rules of Civil Procedure*, serve it on the Plaintiff's lawyer or, where the Plaintiff does not have a lawyer, serve it on the Plaintiff, and file it, with proof of service in this court office, WITHIN TWENTY DAYS after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a Statement of Defence, you may serve and file a Notice of Intent to Defend in Form 18B prescribed by the *Rules of Civil Procedure*. This will entitle you to ten more days within which to serve and file your Statement of Defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

- 2 -

IF YOU PAY THE PLAINTIFF'S CLAIM, and \$750 for costs, within the time for serving and filing your Statement of Defence you may move to have this proceeding dismissed by the Court. If you believe the amount claimed for costs is excessive, you may pay the Plaintiff's claim and \$400 for costs and have the costs assessed by the Court.

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Date October 18, 2022 Issued by Local Registrar

Address of court office: Superior Court of Justice
330 University Avenue
Toronto ON M5G 1R7

TO: CannaPiece Group Inc.
100 Allstate Parkway, Unit 200
Markham ON L3R 6H3

AND TO: CannaPiece Corp.
17 Miriam Crescent
Richmond Hill ON L4B 2P7

AND TO: Canadian Craft Growers Corp.
100 Allstate Parkway, Suite 201
Markham ON L3R 6H3

AND TO: GreenZone Therapy Inc.
2240 Midland Avenue, Units 103-104
Toronto ON M1P 4R1

AND TO: Ali Etemadi
483 Ducloc Point Road
Georgina ON L0E 1N0

AND TO: Afshin Souzankar
39 Kirk Drive
Thornhill ON L3T 3K8

- 3 -

AND TO: Ahmad Rasouli
17 Miriam Crescent
Richmond Hill ON L4B 2P7

AND TO: Reza Khadem Shahreza
90 Garden Avenue
Richmond Hill ON L4C 6M1

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CLAIM

1. The Plaintiff claims:
 - (a) payment of the sum of \$839,708.35 now due and owing to the Plaintiff;
 - (b) prejudgment interest at the rate of 18% *per annum* or, alternatively, in accordance with section 128 of the *Courts of Justice Act*, as amended, from October 18, 2022 to the date of judgment;
 - (c) postjudgment interest at the rate of 18% *per annum* or, alternatively, in accordance with section 129 of the *Courts of Justice Act*, as amended, from the date of judgment;
 - (d) the costs of this proceeding, plus all applicable taxes; and
 - (e) such further and other relief as to this Honourable Court may deem just.

The Parties

2. The Plaintiff, 2726398 Ontario Inc. ("**272**") is a corporation incorporated under the laws of the Province of Ontario.
3. The Defendant, CannaPiece Group Inc. (the "**Borrower**") is a company incorporated under the laws of the Province of Ontario with its registered head office in Markham, Ontario.
4. The Defendant, CannaPiece Corp. ("**CannaPiece**") is a company incorporated under the laws of the Province of Ontario with its registered head office in Richmond Hill, Ontario. CannaPiece guaranteed the Borrower's obligations to 272.

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5. The Defendant, Canadian Craft Growers Corp. ("**CCGC**") is a company incorporated under the laws of the Province of Ontario with its registered head office in Markham, Ontario. CCGC guaranteed the Borrower's obligations to 272.

6. The Defendant, GreenZone Therapy Inc. ("**GreenZone**") is a company incorporated under the laws of Canada with its registered head office in Toronto, Ontario. GreenZone guaranteed the Borrower's obligations to 272.

7. The Defendant, Ali Etemadi ("**Etemadi**") is an individual resident in Georgina, Ontario. Etemadi guaranteed the Borrower's obligations to 272.

8. The Defendant, Afshin Souzankar ("**Souzankar**") is an individual resident in Thornhill, Ontario. Souzankar guaranteed the Borrower's obligations to 272.

9. The Defendant, Ahmad Rasouli ("**Rasouli**") is an individual resident in Richmond Hill, Ontario. Rasouli guaranteed the Borrower's obligations to 272.

10. The Defendant Reza Khadem Shahreza ("**Shahreza**") is an individual resident in Richmond Hill, Ontario. Shahreza guaranteed the Borrower's obligations to 272.

11. CannaPiece, CCGC, GreenZone, Etemadi, Souzankar, Rasouli and Shahreza are collectively referred to as the "**Guarantors**".

The Property

12. Before it was sold on August 18, 2022, the Borrower owned the property known as 580 Lake Road, Clarington, Ontario (the "**Property**").

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The First Amended and Restated Debenture

13. On or about December 13, 2020, 272 and the Borrower entered into a First Amended and Restated Debenture under which 272 agreed to lend the Borrower the sum of \$4,000,000.00 for a term of two years with interest at the rate of 20% *per annum*.

14. As security for the loan advanced under the First Amended and Restated Debenture, the Borrower granted 272 a second-ranking mortgage against title to the Property, which mortgage was registered on December 13, 2019 as Instrument Number DR1856301 in the Land Registry Office for Durham (No. 40) for a term of two years securing the sum of \$4,000,000.00 and interest on that sum at the rate of 20% *per annum*, calculated monthly (the "**Second Mortgage**"). The Second Mortgage incorporated Standard Charge Terms 200033 by reference.

15. On or about February 2, 2021, 272 registered a Notice on title to the Property as Instrument Number DR1970100 under which the terms of the Second Mortgage were amended. Among other things, the interest rate under the Second Mortgage was amended from 20% *per annum*, calculated monthly to 18% *per annum*, calculated monthly .

The Debenture Agreement

16. On or about December 13, 2020, 272 and the Borrower entered into a Debenture Agreement under which 272 agreed to lend the Borrower the sum of \$3,000,000.00 for a term of two years with interest at the rate of 18% *per annum*.

17. As security for the loan advanced under the Debenture Agreement, the Borrower granted 272 a third-ranking mortgage against title to the Property, which mortgage was registered on February 2, 2021 as Instrument Number DR1970099 in the Land Registry Office for Durham

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(No. 40) for a term of two years from the date of the Debenture Agreement securing the sum of \$3,000,000.00 and interest on that sum at the rate of 18% *per annum*, calculated monthly (the "**Third Mortgage**"). The Third Mortgage incorporated Standard Charge Terms 200033 by reference.

The Guarantees

18. As further security for 272's loans to the Borrower, the Guarantors each guaranteed the Borrower's obligations to 272 under each of the First Amended and Restated Debenture, the Debenture Agreement, the Second Mortgage and the Third Mortgage.

The Borrower Defaults and 272 Demands Payment

19. The First Amended and Restated Debenture and the Debenture Agreement, the Second Mortgage and the Third Mortgage each matured on December 13, 2021. However, the Borrower defaulted on its obligations to 272 by failing to pay the amounts owing to 272 upon maturity.

20. On or about January 14, 2022, 272 made formal written demand for payment on the Borrower, and issued a Notice of Intention to Enforce Security under the *Bankruptcy and Insolvency Act*.

21. Also on January 14, 2022, 272 made formal written demand for payment from each of the Guarantors.

22. In response, the Borrower made partial payments to 272, without prejudice to 272's right to enforce its security. However, the Borrower stopped making any payments to 272 at all in order about February 2022.

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23. On or about June 14, 2022, 272 issued a Notice of Sale Under Mortgage with respect to the Third Mortgage. However, the Borrower failed or otherwise refused to redeem the Third Mortgage within time permitted under the Notice of Sale.

The Borrower Sells the Property

24. During the summer of 2022, the Borrower entered into an agreement to sell the Property, with a closing scheduled for August 18, 2022.

25. Prior to closing, the Borrower advised 272 that it would not have sufficient funds from the sale of the Property in order to pay the entire debt secured by the Second Mortgage and the Third Mortgage. As a result, the Borrower asked 272 to accept the total sum of \$7,000,000.00 in exchange for a discharge of the Second Mortgage and the Third Mortgage, without prejudice to 272's right to the balance of the debt owing to it.

26. The Borrower and each of the Guarantors signed an Acknowledgment in which they each acknowledged that:

- (a) the sum of \$7,815,576.23 was due and owing to 272 as of August 18, 2022 and
- (b) that in the event that 272 registered discharges of the Second Mortgage and the Third Mortgage for an amount less than the total of what was then-owing to 272, the balance totaling \$815,576.23 plus any other amounts properly owing to 272 on account of interest and costs would remain due and owing.

27. Upon closing the sale of the Property on August 18, 2022, the all-inclusive sum of \$7,000,000.00 was delivered to 272. In reliance on the covenants given by the Borrower and the

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Guarantors, including the terms of the Acknowledgment, 272 granted discharges of the Second and Third Mortgages, thus leaving a balance owing to it of \$815,576.23.

28. To date, neither the Borrower or the Guarantors have paid the balance owing to 272. Both interest and costs have continue to accrue.

29. As of October 18, 2022 the Borrower and the Guarantor remained liable to 272 for the following amounts:

Balance owing as of August 18, 2022	\$815,576.23
Interest at 18% from August 19, 2022 to October 18, 2022	<u>\$24,132.12</u>
Total owing as of October 18, 2022	<u>\$839,708.35</u>

30. The Borrower and the Guarantors are liable to 272 for these amounts together with interest and costs, which continue to accrue. Their failure to pay 272 constitutes a breach of contract.

31. 272 proposes that this action be tried at Toronto.

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October 18, 2022

FOGLER, RUBINOFF LLP

Lawyers

77 King Street West

Suite 3000, P.O. Box 95

TD Centre North Tower

Toronto, ON M5K 1G8

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nsidlar@foglers.com

Lawyers for the Plaintiff

2726398 ONTARIO INC.
Plaintiff

-and- CANNAPIECE GROUP INC. et al.
Defendants

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT TORONTO

STATEMENT OF CLAIM

FOGLER, RUBINOFF LLP

Lawyers
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Toronto, ON M5K 1G8

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nsidlar@foglrs.com
Tel: 416.864.7618

Fax: 416.941.8852

Lawyers for the Plaintiff

**This is Exhibit "X" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square, black-and-white image of a handwritten signature, appearing to be the initials 'mf'.

A COMMISSIONER FOR TAKING AFFIDAVITS.

LOAN AGREEMENT

THIS LOAN AGREEMENT (the “**Agreement**”), dated as of May 26, 2020, is entered as between Cannapiece Group Inc. (hereinafter “**CPG**”), located at 201-100 All State Parkway, Markham, ON., and 2756295 Ontario Inc. (hereinafter “**INC**”), located at 140 Sandringham Drive Toronto ON. (hereinafter collectively referred to as the “**Parties**”).

WHEREAS, the Parties have proceeded reasonably and in good faith toward the negotiation and execution of this Agreement which shall contain terms, conditions, indemnities, representations, warranties, covenants, as are customary for transactions of this nature; and

WHEREAS, the Parties have structured the Transaction in the most effective manner having regard to applicable tax, corporate, and securities law.

WHEREAS, INC will issue a Capital Loan (the “**Loan**”) outlined in Appendix A for equipment outlined in Appendix B & C & D to CGP;

WHEREAS, Zena Shekarabi, Director and Officer of INC, has full authority to bind the corporation; and

WHEREAS, Ahmad Rasouli, the CEO of CGP, has full authority to bind the corporation.

NOW, THEREFORE, based upon the above premises and in consideration of the terms and conditions contained herein, and intending to be legally bound, the parties agree as follows:

PRINCIPLE TERMS

1. **Duration:** The Parties intend to enter into this agreement for a period of 24 months commencing on May 26th, 2020 and ending on May 26th, 2022. Provided that the Parties are not in default in the performance of this Agreement, CPG shall have the option to renew the Agreement for an additional term of twelve months commencing at the expiration of the initial Agreement term. Unless otherwise agreed as between the parties, all of the terms and conditions of this agreement shall apply during the renewal term.
2. **Business model:** The Parties agree to a Profit-sharing model plus a minimum guarantee to INC as outlined in Appendix E.
3. **Minimum requirements:** Both INC and CPG agree:
 - (a) to keep up to date on payables to all government agencies including but not limited to liens, taxes, wages, and salaries;
 - (b) to inform and maintain a transparent policy on all actual and potential liabilities including but not limited to legal litigations, breach of corporate governances, and environmental liabilities; and,

- (c) to ensure that the transactions are compliant to provincial and federal laws and if required, will modify the transaction to create a fully compliant transaction.
4. **Due Diligence:** The parties will work promptly to carry out all required due diligence in respect of the proposed Transaction including without limitation, the completion of standard business, legal and other inquiries and a review of applicable laws and regulations. The parties will afford each other, its employees, auditors, legal counsel, and other authorized representatives all reasonable opportunity and access during normal business hours to inspect and investigate the business and financial affairs of the other party.
5. **Regulatory Approvals and Contractual Consents:** The Parties acknowledge that they have used its commercially reasonable best efforts to obtain:
- (a) the necessary board approvals and shareholder approvals for the Transaction prior to the execution of this Agreement; and
 - (b) all necessary regulatory approvals (including approvals from any licensing authorities) and third-party consents and the necessary shareholder approvals prior to the closing of the Transaction and to cooperate in providing any submissions necessary to affect the Transaction.

TERMS OF THE LOAN AGREEMENT

6. For value received, and subject to the terms and conditions set forth in this Agreement, CPG hereby unconditionally agrees to pay to the order of INC in immediately available funds, at 201-100 All State Parkway, Markham, ON., or such other location and method as INC shall designate, three million, one-hundred thousand dollars CAD (\$3,100,000.00 CAD) and to pay interest hereof at the rates and on the dates specified below. Unless otherwise agreed as between the parties, repayment of principal shall be due and payable in full on June 25, 2022 (the "Maturity Date").
7. CPG agrees to pay interest to INC on the principal amount of this Agreement, from the date of advancement, at a rate of eighteen percent (18%) per annum, until the full and final repayment of the principal amount of this Agreement is paid. Interest shall be calculated annually and payable monthly. Amounts of principal and interest that are past due under this Agreement shall bear additional interest at a rate of seven percent (7%) per annum, payable on demand, from the date of such non-payment until such amount is paid in full. The monthly instalment outlined in paragraph 8 is not inclusive of this interest.
8. The interest of the loan shall be payable in 24 equal consecutive monthly instalments of forty-six thousand five-hundred dollars CAD (\$46,500.00 CAD) beginning on June 25, 2020 and every month thereafter, *provided that* all amounts outstanding under this Agreement, including all accrued and unpaid interest and other amounts payable under the Agreement, shall be due and payable on the Maturity Date. All payments shall be made in lawful currency of Canadian dollars, or as otherwise accepted by INC.

9. In addition to the monthly instalments set out in paragraph 8, a total lending fee of 5% of the principal amount will be owed to INC, payable in the following manner:
 - (a) 2.5% of the principal amount, for a total of seventy-seven thousand, five-hundred dollars CAD (\$77,500 CAD) shall be payable to INC at the date of advancement (May 26th, 2020); and
 - (b) an additional lenders fee of 2.5% of the principal amount, equal to seventy-seven thousand five-hundred CAD, (\$77,500 CAD), shall be payable in 15 equal consecutive monthly instalments of five-thousand, one-hundred sixty-six dollars and sixty-seven cents CAD (\$5,166.67 CAD), commencing as of March 1st, 2021 and every month thereafter.
10. CPG may prepay the principal amount of this Agreement in whole or in part at any time or from time to time without premium or penalty.
11. Upon the occurrence and continuance of any of the following events (each an "**Event of Default**"), INC may, at its option and by written notice to CPG, declare the entire principal amount of this Agreement, together with all accrued interest thereon and all other amounts payable hereunder, immediately due and payable:
 - (a) if the CPG fails to pay, when due, any amount of principal or interest owing under this Agreement, and such failure continues for 30 days after written notice to CPG, and
 - (b) Upon the commencement by or against the CPG of any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar proceeding relating to the CPG or its debts in any jurisdiction.
12. In the Event of Default, CPG agrees to:
 - (a) The remedies set out in Article XII of the General Security Agreement dated May 26, 2020, and
 - (b) pay INC shares equal to the outstanding amount owed under this agreement, valued at \$1.50 CAD per share, exercised only upon and within 90 days of an event of default.
13. At any time within the term of this loan, its renewal, or as agreed between the parties, INC has the option, at its sole discretion, to convert full or part of the outstanding loan into CPG shares, at CPG's total valuation of ninety-million dollars CAD (\$90,000,000.00 CAD).
14. The books and records of INC shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Agreement from time to time.

15. CPG hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Agreement. No failure on the part of the holder hereof to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Agreement shall be made without offset, counterclaim or deduction of any kind.
16. Neither INC nor CPG may assign this Agreement or any of its respective rights or obligations under this Agreement without the prior written consent of the other party, which consent may be withheld in the sole discretion of such party.
17. The undersigned agrees that limitation periods established by the *Limitations Act, 2002* (Ontario), other than the ultimate 15-year limitation period, do not apply to this Agreement.

OTHER CONDITIONS

18. This Agreement shall include, but will not be limited to, the following:
 - (a) the Parties have completed a due diligence investigation the results of which are satisfactory to the Parties their sole discretion;
 - (b) the representations and warranties of contained herein shall be true and correct in all material respects as of the closing of the Transaction; and
 - (c) no material adverse change shall have occurred in the business, assets, liabilities, results, financial condition, affairs or prospects of the parties from the date hereof to the closing of the Transaction.
19. **Confidentiality:** The Parties agree that, subject to compliance with applicable laws, it will keep confidential, and not release to any other person, the terms and conditions of this Agreement, and any of the proprietary business, technical or other information obtained by it during its due diligence inquiries and any related negotiations. The Parties obligations in this respect shall survive the closing of the Transaction, including any termination of the Transaction between the Parties (as a result of an Event of Default or otherwise).
20. **Disclosure:** No public announcement concerning the Transaction contemplated herein or the status of the discussions between the Parties hereto shall be made by either Party unless, and until the same has been approved by both Parties hereto, unless such disclosure is required by any government laws, rules or regulations, by any government regulatory authorities or any stock exchange having jurisdiction over either Party provided prior written notice is provided to the other Party respecting such disclosure or public announcement and such Party has been provided reasonable opportunity to review and comment on the proposed disclosure.

21. **Costs:** CPG will be responsible for a maximum of CAD fifteen thousand (CAD \$15,000.00) for all expenses, including, without limitation, expenses of legal counsel, accountants, and other advisors, incurred at any time in connection with pursuing or consummating the Transaction. Each Party's obligations in this respect shall survive the closing of the Transaction or any termination of the proposed Transaction between the Parties. It is expressly understood that both Parties' counsel will be together, responsible for preparing the documents required to complete the Transaction including the filing statement required to be filed with the Exchange in connection with the Transaction if applicable.
22. **Counterparts:** 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 it) by any party hereto to the other party to this Agreement by facsimile transmission or e-mail in pdf format, shall be as effective as delivery to the other parties hereto of an original manually executed counterpart hereof.
23. **Governing Laws:** This Agreement will be governed by and be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Parties agree that any dispute arising out of or relating to this Agreement shall be subject to the exclusive jurisdiction of the courts in and for the Province of Ontario and each Party agrees to submit to the personal and exclusive jurisdiction and venue of such courts.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first written above.

Cannapiece Group, as Debtor

By 

Ahmad Rasouli - CEO

I have authority to bind the corporation

Acknowledged and Accepted:

2756295 Ontario Inc., as Lender

By 

Zena Shekarabi - Director and Officer

I have authority to bind the corporation

APPENDIX A: FUNDING OUTLINE – THE LOAN

PRINCIPAL LOAN AMOUNT:	CAD \$3,100,000.00
FUNDING DATE:	May 26, 2020
INTENDED USE:	PURCHASE of equipment (see Appendix B)
TERM:	24 months
INTEREST RATE:	18% per annum
SECURED:	The equipment itself Pledge shares equal to outstanding amount owed under this agreement; valued at \$1.50 CAD per share, exercised only upon and within 90 days of a default under this agreement.
LENDING FEE:	A total of 5% of the principal amount: <ul style="list-style-type: none">- 2.5% of the principal amount at the signing of this Agreement- 2.5% of the principal amount payable in in equal consecutive monthly instalments
PAYMENT FREQUENCY:	Monthly
AMORTIZATION RATE:	Interest only
CONVERTIBILITY OPTION:	At any time within the term of this loan, its renewal, or as agreed between the parties, 2756295 Ontario Inc. has the option, at their sole discretion, to convert full or part of the outstanding loan into CPG shares at a valuation of ninety-million dollars CAD (CAD \$90,000,000.00).

APPENDIX B: LAB EQUIPMENT – BASE PLAN

	ITEM	Lead-time (Installed & Commissioned)	Quantity	Cost for Equipment \$CAD (Excl. HST)	Total for Equipment (Excl. HST)	
LAB Equipment Base Plan	AI Vacuum Ovens for Milling Room	4-6 weeks	1	\$ 25,511	\$ 25,511	
	Reactors for Winterization and Crystallization	4-6 weeks	2	\$ 107,689	\$ 215,377	
	Infinity Filter Table	4-6 weeks	1	\$ 45,201	\$ 45,201	
	AI Deep Freezers	4-6 weeks	2	\$ 20,867	\$ 41,734	
	Ecodyst Rotary Evaporator	4-6 weeks	1	\$ 124,699	\$ 124,699	
	AI Vacuum Oven for Gas Purging	4-6 weeks	1	\$ 25,511	\$ 25,511	
	PRESCOT Distillation Lab Equipment	4-6 weeks	1	\$ 178,836	\$ 178,836	
	HAL Fume Booths	4-6 weeks	1	\$ 85,043	\$ 85,043	
	<i>SUB-Total</i>					\$ 741,911
	<i>Total with HST</i>					\$ 838,360

APPENDIX C: EXTRACTION & LAB EQUIPMENT EXPANSION (CO₂ POST-PROCESSING & HYDROCARBON EXTRACTION)

ITEM	Lead-time(Installed & Commissioned)	Quantity	Cost for Equipment \$CAD (Excl. HST)	Total for Equipment (Excl. HST)	
Extraction and Lab Equipment Expansion 1: ETHANOL DEVEX & Ancillaries	CANTECH MILL	4-6 weeks	1	\$ 80,000	\$ 80,000
	DEVEX 400 - 30% deposit	4-6 weeks	1	\$ 478,500	\$ 478,500
	PRESCOT Distillation Lab Equipment	4-6 weeks	1	\$ 187,766	\$ 187,766
	Reactors for Winterization and Crystallization	4-6 weeks	1	\$ 66,732	\$ 66,732
	Ecodyst Rotary Evaporator	4-6 weeks	1	\$ 124,699	\$ 124,699
	AI Vacuum Ovens for Milling Room	4-6 weeks	3	\$ 25,511	\$ 76,534
	Fume Mitigation and/or booth	4-6 weeks	1	\$ 80,000	\$ 80,000
<i>SUB-Total</i>				\$ 1,094,231	
<i>Total with HST</i>				\$ 1,236,481	
Extraction and Lab Equipment Expansion 2: Hydrocarbon (add-on)	MEP 30	8-10 weeks	1	\$ 391,500	\$ 391,500
	AI Vacuum Oven for Gas Purging	4-6 weeks	2	\$ 25,511	\$ 51,023
	<i>SUB-Total</i>				\$ 442,523
<i>Total with HST</i>				\$ 500,051	

APPENDIX D: PRE-ROLL EQUIPMENT

ITEM		Lead-time (Installed & Commissioned)	Quantity	Cost for Equipment \$CAD (Excl. HST)	Total for Equipment (Excl. HST)
Flower Packaging (Pre-Roll Automation)	Futurolla Mill	8-10 weeks	1	\$ 10,875	\$ 10,875
	JuanaRoll	8-10 weeks	1	\$ 435,000	\$ 435,000
	<i>SUB-Total</i>				\$ 445,875
	<i>Total with HST</i>				\$ 503,839

APPENDIX E: FUNDAMENTAL BUSINESS MODEL

The Loan

Cash requirement: Appendix A, B, C

Profit Sharing after expenses: Equipment listed under Appendix B and C is evaluated as 75% added value of the full process, hence the profit sharing pertains to that portion of the total profit (after deducting operating and overhead costs) generated by the full process. Of that portion the sharing is based on 20% INC and 80% CPG, which translates to a profit sharing proceeds.

The Loan

Cash requirement: Appendix A, D

Profit Sharing after expenses: Equipment listed under Appendix D is self-operating equipment and the sharing is based on 20% INC and 80% CPG of the profit generated by the pre-roll equipment.

Note: All profit sharing to commence as of August 1, 2020.

**This is Exhibit "Y" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square, white box containing a handwritten signature in black ink. The signature appears to be the initials 'mjf' written in a cursive, slanted style.

A COMMISSIONER FOR TAKING AFFIDAVITS.

LOAN AGREEMENT

This Loan Agreement ("Agreement") is made effective February 8, 2019

BETWEEN:

Novo Integrated Sciences, Inc. (the "Lender"), a corporation organized and existing under the laws of the State of Nevada, with its head office located at:

11120 NE 2nd Street, Suite 200
Bellevue, Washington USA 98004

AND:

CannaPiece Group Inc. (the "Borrower"), a corporation organized and existing under the laws of the Province of ONTARIO, with its head office located at:

#302-100 Allstate Parkway
Markham Ontario Canada L4L 9N6

1. PROMISE TO PAY

Within one year (12 months) from today, Borrower promises to pay to Lender the sum of CAD\$300,000.00 principal and interest and other charges stated below.

2. RESPONSIBILITY

Although this Agreement may be signed below by more than one person, Borrower understands that we are each as individuals responsible for paying back the full amount.

3. BREAKDOWN OF LOAN

Amount of Loan: CAD\$300,000.00

Interest Rate: initial 60 days (thru April 8, 2019) is interest free. Day 61 thru day 365 accrues interest at an annual rate of 10%.

4. REPAYMENT

The Borrower will repay the total amount of this loan, plus accrued interest, on or before February 8, 2020.

5. PREPAYMENT

Borrower has the right to prepay the whole outstanding amount at any time. If Borrower does, or if this loan is refinanced - that is, replaced by a new note - the Borrower will not be entitled to a refund on any unearned finance charge.

6. PROPER LAW

This Loan Agreement shall be construed in accordance with and governed in all respects by the laws of the Province of Ontario.

7. SUCCESSORS AND ASSIGNS

This Loan Agreement shall ensure to the benefit and be binding upon the parties hereto and their respective successors and assigns.

8. LATE CHARGE

Late payment will result in additional interest charges, not exceeding 21% per annum, left to the sole discretion of the Lender.

9. SECURITY

The loan is unsecured against any fixed or otherwise contemplated collateral or property.

10. DEFAULT

If for any reason Borrower fails to make any payment on time, Borrower shall be in default. The Lender can then demand immediate payment of the entire remaining unpaid balance of this loan, without giving anyone further notice. If Borrower has not paid the full amount of the loan when the final payment is due, the Lender will charge interest on the unpaid balance at a rate determined by the Lender, as outlined in Section 6 of this Agreement, per year until full and final payment is made by way of cash or cash equivalent.

11. EXTENSION PROVISION

A provision of an extension of time for loan repayment does not negate the Borrowers obligation under this loan. Any granted extensions of time are at the sole discretion of the Lender and subject to an adjusted interest rate of 18% per annum, paid monthly, one month in advance.

12. COLLECTION FEES

If this note is placed with an attorney for collection, then Borrower agree to pay any and all attorney's fee as billed and deemed reasonable. This fee will be added to the unpaid balance of the loan.

13. COUNTERPARTS

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

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first-above written.


Novo Integrated Sciences, Inc.

By: 

Name: Robert Mattacchione

Title: Chief Executive Officer

CannaPiece Group Inc.

By: 

Name: Ahmad Rasouli

Title: CEO



**Amendment No. 2 to
CAD\$300,000 LOAN AGREEMENT
Dated as of February 15, 2021**

This Amendment No. 2 to the CAD\$300,000 Loan Agreement (this “Amendment No. 2”) is entered into as of the date first set forth above, with an effective date of February 7, 2021, by and between (i) Novo Integrated Sciences, Inc., a Nevada corporation (the “Lender”); and (ii) CannaPiece Group Inc., an Ontario, Canada corporation (the “Borrower”). Each of the Lender and the Borrower may be referred to herein collectively as the “Parties” and separately as a “Party.”

WHEREAS, the Borrower and the Lender are parties to that certain CAD\$300,000 Loan Agreement dated as of February 8, 2019 (the “Original Loan Agreement”); and

WHEREAS, on March 20, 2020, the Original Loan Agreement was amended (“Amendment No. 1”) to extend the due date for repayment of the total principal amount of the loan, plus accrued interest, to on or before February 7, 2021.

WHEREAS, the Parties now desire to amend, as set forth herein, the Original Loan Agreement to extend the due date for repayment of the total principal amount of the loan, plus accrued interest, to on or before March 1, 2022.

NOW THEREFORE, on the stated premises and for and in consideration of the mutual covenants and agreements hereinafter set forth and the mutual benefits to the Parties to be derived herefrom, and intending to be legally bound hereby, it is hereby agreed as follows:

1. Definitions. Defined terms used herein without definition shall have the meaning given them in the Original Loan Agreement.
2. Amendment.
 - (a) **Section 3 Breakdown of the Loan** of the Original Loan Agreement is hereby amended in its entirety to provide as follows: “Interest Rate: initial 60 days (thru April 8, 2019) is interest free. Day 61 thru through March 1, 2022 accrues interest at an annual rate of 10%.”
 - (b) **Section 4 Repayment** of the Original Loan Agreement is hereby amended in its entirety to provide as follows: “The Borrower will repay the total amount of this loan, plus accrued interest, on or before March 1, 2022.”
3. Miscellaneous.
 - (a) Other than as amended herein, the Original Loan Agreement shall remain in full force and effect.


- (b) This Amendment No. 2 shall be governed by, enforced, and construed under and in accordance with the Laws of the State of Nevada, without giving effect to the principles of conflicts of law thereunder. Each of the Parties (a) irrevocably consents and agrees that any legal or equitable action or proceedings arising under or in connection with this Amendment No. 2 shall be brought exclusively in the state or federal courts of the United States with jurisdiction in Palm Beach County, Florida. By execution and delivery of this Amendment No. 2, each Party hereto irrevocably submits to and accepts, with respect to any such action or proceeding, generally and unconditionally, the jurisdiction of the aforesaid courts, and irrevocably waives any and all rights such Party may now or hereafter have to object to such jurisdiction.
- (c) The headings contained in this Amendment No. 2 are intended solely for convenience and shall not affect the rights of the Parties.
- (d) This Amendment No. 2 may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall be but a single instrument. The execution and delivery of a facsimile or other electronic transmission of a signature to this Amendment shall constitute delivery of an executed original and shall be binding upon the person whose signature appears on the transmitted copy.

[Signatures Appear on Following Page]




IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first-
above written.

Novo Integrated Sciences, Inc.

By: 
Name: Robert Mattacchione
Title: Chief Executive Officer

CannaPiece Group Inc.

By: 
Name: Afshin Souzankar
Title: CEO








(2-15-21 Amend No.2) CPG \$300k Loan w-NVOS (002)

Final Audit Report

2021-04-28

Created:	2021-04-28
By:	Jennifer Quick (jquick@cannapiece.ca)
Status:	Signed
Transaction ID:	CBJCHBCAABAAAnBe7tsOMX0SgYwv2fzffa7b-LeyvPYv_

"(2-15-21 Amend No.2) CPG \$300k Loan w-NVOS (002)" History

-  Document created by Jennifer Quick (jquick@cannapiece.ca)
2021-04-28 - 2:20:10 PM GMT- IP address: 99.255.170.193
-  Document emailed to Afshin Souzankar (Afshin@cannapiece.ca) for signature
2021-04-28 - 2:20:30 PM GMT
-  Email viewed by Afshin Souzankar (Afshin@cannapiece.ca)
2021-04-28 - 2:26:39 PM GMT- IP address: 67.71.20.57
-  Document e-signed by Afshin Souzankar (Afshin@cannapiece.ca)
Signature Date: 2021-04-28 - 2:27:46 PM GMT - Time Source: server- IP address: 67.71.20.57
-  Agreement completed.
2021-04-28 - 2:27:46 PM GMT

**Amendment No. 3 to
CAD\$300,000 LOAN AGREEMENT
Dated as of March 15, 2022**

This Amendment No. 3 to the CAD\$300,000 Loan Agreement (this “Amendment”) is entered into as of the date first set forth above, with an effective date of March 1, 2022, by and between (i) Novo Integrated Sciences, Inc., a Nevada corporation (the “Lender”); and (ii) CannaPiece Group Inc., an Ontario, Canada corporation (the “Borrower”). Each of the Lender and the Borrower may be referred to herein collectively as the “Parties” and separately as a “Party.”

WHEREAS, the Borrower and the Lender are parties to that certain CAD\$300,000 Loan Agreement dated as of February 8, 2019 (the “Original Loan Agreement”); and

WHEREAS, on March 20, 2020, the Original Loan Agreement was amended (“Amendment No. 1”) to extend the due date for repayment of the total principal amount of the loan, plus accrued interest, to on or before February 7, 2021; and

WHEREAS, on February 15, 2021, the Original Loan Agreement was amended (“Amendment No. 2”) to extend the due date for repayment of the total principal amount of the loan, plus accrued interest, to on or before March 1, 2022; and

WHEREAS, the Parties now desire to amend, as set forth in this Amendment No. 3 herein, the Original Loan Agreement to extend the due date for repayment of the total principal amount of the loan, plus accrued interest, to on or before May 1, 2023; and

NOW THEREFORE, on the stated premises and for and in consideration of the mutual covenants and agreements hereinafter set forth and the mutual benefits to the Parties to be derived herefrom, and intending to be legally bound hereby, it is hereby agreed as follows:

1. Definitions. Defined terms used herein without definition shall have the meaning given them in the Original Loan Agreement.
2. Amendment.
 - (a) **Section 3 Breakdown of the Loan** of the Original Loan Agreement is hereby amended in its entirety to provide as follows: “Interest Rate: initial 60 days (thru April 8, 2019) is interest free. Day 61 thru through May 1, 2023 accrues interest at an annual rate of 10%.”
 - (b) **Section 4 Repayment** of the Original Loan Agreement is hereby amended in its entirety to provide as follows: “The Borrower will repay the total amount of this loan, plus accrued interest, on or before May 1, 2023.”
3. Miscellaneous.
 - (a) Other than as amended herein, the Original Loan Agreement shall remain in full force and effect.
 - (b) This Amendment shall be governed by, enforced, and construed under and in accordance with the Laws of the State of Nevada, without giving effect to the principles of conflicts of law thereunder. Each of the Parties (a) irrevocably consents and agrees that any legal or


equitable action or proceedings arising under or in connection with this Amendment shall be brought exclusively in the state or federal courts of the United States with jurisdiction in Palm Beach County, Florida. By execution and delivery of this Amendment, each Party hereto irrevocably submits to and accepts, with respect to any such action or proceeding, generally and unconditionally, the jurisdiction of the aforesaid courts, and irrevocably waives any and all rights such Party may now or hereafter have to object to such jurisdiction.

- (c) The headings contained in this Amendment are intended solely for convenience and shall not affect the rights of the Parties.
- (d) This Amendment may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall be but a single instrument. The execution and delivery of a facsimile or other electronic transmission of a signature to this Amendment shall constitute delivery of an executed original and shall be binding upon the person whose signature appears on the transmitted copy.

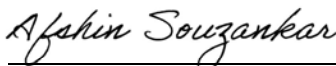
[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first-above written.

Novo Integrated Sciences, Inc.

By: 
Name: Robert Mattacchione
Title: Chief Executive Officer

CannaPiece Group Inc.

By: 
Name: Afshin Souzankar
Title: CEO

**This is Exhibit "Z" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square, white box containing a handwritten signature in black ink. The signature consists of the letters 'm', 'j', and 'f' written in a cursive, flowing style.

A COMMISSIONER FOR TAKING AFFIDAVITS.

CPG

Enquiry Result

File Currency: 16OCT 2022

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Type of Search	Business Debtor						
Search Conducted On	CANNAPIECE GROUP INC.						
File Currency	16OCT 2022						
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status
	748192977	1	2	1	3	07FEB 2025	

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
748192977		01	001		20190207 1402 1462 4250	P PPSA	6

Individual Debtor	Date of Birth	First Given Name	Initial	Surname

Business Debtor	Business Debtor Name	Ontario Corporation Number		
	CANNAPIECE GROUP INC			
Address		City	Province	Postal Code
100 ALLSTATE PKY UNIT 302		MARKHAM	ON	L3R6H3

Individual Debtor	Date of Birth	First Given Name	Initial	Surname

Business Debtor	Business Debtor Name	Ontario Corporation Number		
Address		City	Province	Postal Code

Secured Party	Secured Party / Lien Claimant			
	XEROX CANADA LTD			
Address		City	Province	Postal Code
20 YORK MILLS ROAD, SUITE 500 BOX 700		TORONTO	ON	M2P2C2

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
			X		X				X

Motor Vehicle Description	Year	Make	Model	V.I.N.

General Collateral Description	General Collateral Description

Registering Agent	Registering Agent			
	PPSA CANADA INC. - (3992)			
Address	City	Province	Postal Code	
110 SHEPPARD AVE EAST, SUITE 303	TORONTO	ON	M2N6Y8	

END OF FAMILY

Type of Search	Business Debtor								
Search Conducted On	CANNAPIECE GROUP INC.								
File Currency	16OCT 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	785968965	2	2	2	3	19AUG 2032			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
785968965		001	1		20220819 1506 5064 6848	P PPSA	10		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	CANNAPIECE GROUP INC.								
	Address				City	Province	Postal Code		
	302-100 ALLSTATE PKWY				MARKHAM	ON	L3R 6H3		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address				City	Province	Postal Code		
Secured Party	Secured Party / Lien Claimant								
	SOLID PACKAGING ROBOTIK INC.								
	Address				City	Province	Postal Code		
	950 BOUL. INDUSTRIEL				TERREBONNE	QC	J6Y 1X1		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
			X				1200092		
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
	PREROLL-ER 200								
Registering Agent	Registering Agent								
	PLT LEGAL								
	Address				City	Province	Postal Code		
	2307 BOUL. REN?-L?VESQUE O, SUITE 230				WESTMOUNT	QC	H3Z 1X2		

CONTINUED

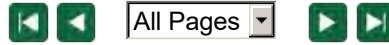
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Search Conducted On	CANNAPIECE GROUP INC.								
File Currency	16OCT 2022								
	File Number	Family	of Families	Page					of Pages
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FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT									
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number			Registered Under	
		001	1		20220825 1605 1901 3344				
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period			
	785968965			A AMNDMNT					
Reference Debtor/ Transferor	First Given Name			Initial	Surname				
	Business Debtor Name CANNAPIECE GROUP INC.								
Other Change	Other Change								
Reason / Description	Reason / Description AMEND GENERAL COLLATERAL								
Debtor/ Transferee	Date of Birth	First Given Name			Initial	Surname			
	Business Debtor Name							Ontario Corporation Number	
	Address				City	Province	Postal Code		
Assignor Name	Assignor Name								
Secured Party	Secured party, lien claimant, assignee								
	Address				City	Province	Postal Code		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model			V.I.N.	
	General Collateral Description PREROLL-ER 200 #3 2021-1031 PREROLL-ER 200 #4 2021-1032 PREROLL-ER 200 #5 2022-2001 PREROLL-ER 200 #6 2022-2005								
Registering Agent	Registering Agent or Secured Party/ Lien Claimant PLT LEGAL								

Address	City	Province	Postal Code
2307 BOUL. REN?-L?VESQUE O, SUITE 230	WESTMOUNT	QC	H3Z 1X2

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Type of Search	Business Debtor								
Search Conducted On	CANNAPIECE CORP.								
File Currency	16OCT 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	761950989	1	4	1	6	19MAY 2027			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
761950989		001	001		20200519 1148 1862 4356	P PPSA	7		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	CANNAPIECE CORP.								
	Address			City	Province	Postal Code			
	1725 MCPHERSON COURT			PICKERING	ON	L1W 3E9			
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address			City	Province	Postal Code			
Secured Party	Secured Party / Lien Claimant								
	2125028 ONTARIO INC.								
	Address			City	Province	Postal Code			
	333 BAY STREET, SUITE 2400			TORONTO	ON	M5H 2T6			
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
			X	X	X				
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								

Registering Agent	Registering Agent			
	FASKEN MARTINEAU DUMOULIN LLP (S. HOGAN/J.HOLMSTROM/212362.00003)			
	Address	City	Province	Postal Code
	333 BAY STREET, SUITE 2400	TORONTO	ON	M5H 2T6

END OF FAMILY

Type of Search	Business Debtor								
Search Conducted On	CANNAPIECE CORP.								
File Currency	16OCT 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	769461345	2	4	2	6	26JAN 2023			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
769461345		001	002		20210126 1506 1862 9923	P PPSA	2		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	CANADIAN CRAFT GROWERS CORP.					2646258			
	Address				City	Province	Postal Code		
	100 ALLSTATE PARKWAY				THORNHILL	ON	L3R 6H3		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	CANNAPIECE CORP.					2637539			
	Address				City	Province	Postal Code		
	1725 MCPHERSON CRT				PICKERIN	ON	L1W 3E9		
Secured Party	Secured Party / Lien Claimant								
	2726398 ONTARIO INC.								
	Address				City	Province	Postal Code		
	7699 YONGE STREET				THORNHILL	ON	L3T 1Z5		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
	X	X	X	X	X	X			
Motor Vehicle Description	Year	Make			Model		V.I.N.		
General Collateral Description	General Collateral Description								
	GENERAL SECURITY AGREEMENT CREATING A SECURITY INTEREST IN ALL								
	PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR, AND ALL								
	DEBTS AND LIABILITIES OF CANNAPIECE GROUP INC. OWING TO THE DEBTOR								
Registering Agent	Registering Agent								
	FOGLER, RUBINOFF LLP (206164)								
	Address				City	Province	Postal Code		
	77 KING STREET WEST, SUITE 3000				TORONTO	ON	M5K 1G8		

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	CANNAPIECE CORP.								
File Currency	16OCT 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	769461345	2	4	3	6	26JAN 2023			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
769461345		002	002		20210126 1506 1862 9923				
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	GREENZONE THERAPY INC.					9864628			
	Address				City	Province	Postal Code		
	2240 MIDLAND AVENUE, UNITS 103-104				TORONTO	ON	M1P 4R1		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address				City	Province	Postal Code		
Secured Party	Secured Party / Lien Claimant								
	Address				City	Province	Postal Code		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
	AND ASSIGNED TO THE SECURED PARTY PURSUANT TO A GUARANTEE GIVEN BY								
	THE DEBTOR TO THE SECURED PARTY IN RESPECT OF A LOAN MADE BY THE								
	SECURED PARTY TO CANNAPIECE GROUP INC.								
Registering Agent	Registering Agent								
	Address				City	Province	Postal Code		

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	CANNAPIECE CORP.								
File Currency	16OCT 2022								
	File Number	Family	of Families	Page					of Pages
	769461345	2	4	4					6
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT									
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number			Registered Under	
		001	1		20220224 1137 1590 9561				
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period			
	769461345			F PRT DSC					
Reference Debtor/ Transferor	First Given Name			Initial	Surname				
	Business Debtor Name								
	CANNAPIECE CORP.								
Other Change	Other Change								
Reason / Description	Reason / Description								
Debtor/ Transferee	Date of Birth	First Given Name			Initial	Surname			
	Business Debtor Name							Ontario Corporation Number	
	Address				City	Province	Postal Code		
Assignor Name	Assignor Name								
Secured Party	Secured party, lien claimant, assignee								
	Address				City	Province	Postal Code		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model			V.I.N.	
General Collateral Description	General Collateral Description								
	THE SECURED PARTY DISCHARGES ITS SECURITY INTEREST IN ALL PRESENT AND								
	AFTER-ACQUIRED PERSONAL PROPERTY OF CANNAPIECE CORP.								
Registering Agent	Registering Agent or Secured Party/ Lien Claimant								
	FOGLER, RUBINOFF LLP								

	Address	City	Province	Postal Code
	77 KING STREET WEST, SUITE 3000 PO BOX 9	TORONTO	ON	M5K 1G8

END OF FAMILY

Type of Search	Business Debtor								
Search Conducted On	CANNAPIECE CORP.								
File Currency	16OCT 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	769834224	3	4	5	6	11FEB 2026			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
769834224		001	1		20210211 1413 1793 6625	P PPSA	5		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	CANNAPIECE CORP.								
	Address				City	Province	Postal Code		
	1725 MCPHERSON CRT, SUITE 2				PICKERING	ON	L1W3E9		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address				City	Province	Postal Code		
Secured Party	Secured Party / Lien Claimant								
	VITALIS EXTRACTION TECHNOLOGY INC.								
	Address				City	Province	Postal Code		
	591 GASTON AVE				KELOWNA	BC	V1Y7E6		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
			X						
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
	COSOLVENT INJECTION SYSTEM SERIAL NUMBER VTA10024.01.0002								
Registering Agent	Registering Agent								
	SPECTRUM LEASING								
	Address				City	Province	Postal Code		
	101-184 ADAMS RD.				KELOWNA	BC	V1X7R2		

END OF FAMILY

Type of Search	Business Debtor								
Search Conducted On	CANNAPIECE CORP.								
File Currency	16OCT 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	780704217	4	4	6	6	28FEB 2027			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
780704217		001	1		20220228 1635 1590 0219	P PPSA	5		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	CANNAPIECE CORP.								
	Address				City	Province	Postal Code		
	1725 MCPHERSON COURT, 2,				PICKERING	ON	L1W 3E9		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address				City	Province	Postal Code		
Secured Party	Secured Party / Lien Claimant								
	CARMELA MARZILLI								
	Address				City	Province	Postal Code		
	132 CARMELA AVENUE				RICHMOND HILL	ON	L4E 2V6		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X		X				
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
	GENERAL SECURITY AGREEMENT DATED FEBRUARY 28, 2022.								
Registering Agent	Registering Agent								
	PEDDLE & POLLARD LAW OFFICE								
	Address				City	Province	Postal Code		
	102-15449 YONGE ST.				AURORA	ON	L4G 1P3		

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Type of Search	Business Debtor								
Search Conducted On	CANADIAN CRAFT GROWERS CORP.								
File Currency	16OCT 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	769461345	1	1	1	3	26JAN 2023			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
769461345		001	002		20210126 1506 1862 9923	P PPSA	2		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	CANADIAN CRAFT GROWERS CORP.					2646258			
	Address			City	Province	Postal Code			
	100 ALLSTATE PARKWAY			THORNHILL	ON	L3R 6H3			
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	CANNAPIECE CORP.					2637539			
	Address			City	Province	Postal Code			
	1725 MCPHERSON CRT			PICKERIN	ON	L1W 3E9			
Secured Party	Secured Party / Lien Claimant								
	2726398 ONTARIO INC.								
	Address			City	Province	Postal Code			
	7699 YONGE STREET			THORNHILL	ON	L3T 1Z5			
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
	X	X	X	X	X	X			
Motor Vehicle Description	Year	Make			Model		V.I.N.		
General Collateral Description	General Collateral Description								
	GENERAL SECURITY AGREEMENT CREATING A SECURITY INTEREST IN ALL								
	PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR, AND ALL								
	DEBTS AND LIABILITIES OF CANNAPIECE GROUP INC. OWING TO THE DEBTOR								

Registering Agent	Registering Agent			
	FOGLER, RUBINOFF LLP (206164)			
	Address	City	Province	Postal Code
	77 KING STREET WEST, SUITE 3000	TORONTO	ON	M5K 1G8

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	CANADIAN CRAFT GROWERS CORP.								
File Currency	16OCT 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	769461345	1	1	2	3	26JAN 2023			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
769461345		002	002		20210126 1506 1862 9923				
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	GREENZONE THERAPY INC.					9864628			
	Address				City	Province	Postal Code		
	2240 MIDLAND AVENUE, UNITS 103-104				TORONTO	ON	M1P 4R1		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address				City	Province	Postal Code		
Secured Party	Secured Party / Lien Claimant								
	Address				City	Province	Postal Code		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
	AND ASSIGNED TO THE SECURED PARTY PURSUANT TO A GUARANTEE GIVEN BY								
	THE DEBTOR TO THE SECURED PARTY IN RESPECT OF A LOAN MADE BY THE								
	SECURED PARTY TO CANNAPEICE GROUP INC.								
Registering Agent	Registering Agent								
	Address				City	Province	Postal Code		

CONTINUED

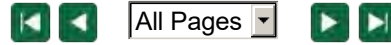
Type of Search	Business Debtor								
Search Conducted On	CANADIAN CRAFT GROWERS CORP.								
File Currency	16OCT 2022								
	File Number	Family	of Families	Page					of Pages
	769461345	1	1	3					3
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT									
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number			Registered Under	
		001	1		20220224 1137 1590 9561				
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period			
	769461345			F PRT DSC					
Reference Debtor/ Transferor	First Given Name			Initial	Surname				
	Business Debtor Name								
	CANNAPIECE CORP.								
Other Change	Other Change								
Reason / Description	Reason / Description								
Debtor/ Transferee	Date of Birth	First Given Name			Initial	Surname			
	Business Debtor Name							Ontario Corporation Number	
	Address				City	Province	Postal Code		
Assignor Name	Assignor Name								
Secured Party	Secured party, lien claimant, assignee								
	Address				City	Province	Postal Code		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model			V.I.N.	
General Collateral Description	General Collateral Description								
	THE SECURED PARTY DISCHARGES ITS SECURITY INTEREST IN ALL PRESENT AND								
	AFTER-ACQUIRED PERSONAL PROPERTY OF CANNAPIECE CORP.								
Registering Agent	Registering Agent or Secured Party/ Lien Claimant								
	FOGLER, RUBINOFF LLP								

Address	City	Province	Postal Code
77 KING STREET WEST, SUITE 3000 PO BOX 9	TORONTO	ON	M5K 1G8

LAST PAGE


Note: All pages have been returned.

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2666222 Ontario Ltd.

Business Debtor Enquiry

File Currency: **20OCT 2022**

**Search Criteria: 2666222 ONTARIO LTD.
No Match.**

No registered financing statement or registered claim for lien was found for this enquiry.

[New Enquiry](#)

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2580385 Ontario Inc.

Business Debtor Enquiry

File Currency: **16OCT 2022**

**Search Criteria: 2580385 ONTARIO INC.
No Match.**

No registered financing statement or registered claim for lien was found for this enquiry.

[New Enquiry](#)

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2669673 Ontario Inc.

Business Debtor Enquiry

File Currency: **20OCT 2022**

**Search Criteria: 2669673 ONTARIO INC.
No Match.**

No registered financing statement or registered claim for lien was found for this enquiry.

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**This is Exhibit "AA" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square box containing a handwritten signature in black ink. The signature appears to be the initials 'mf' written in a cursive style.

A COMMISSIONER FOR TAKING AFFIDAVITS.

Date: 2021-11-03
 Proposal: S2021-09-20-6
 Customer: **Cannapiece**



F: [1.905.305.1645](tel:19053051645)
 E: Eric@Cannapiece.ca

Eric Akbar - President

D: [416.951.1112](tel:4169511112)

T: [1.844.447.6922 x103](tel:18444476922)

a: 100 Allstate Pkwy #302, Markham, ON L3R 6H3

e: eric@cannapiece.ca

F.O.B	PROJECT	VALIDITY	CONTACT	TERMS	DELIVERY
Terrebonne	PreRoll-Er 200	30 Days	Harold Bouchard P.Eng	See below	See below

OVERVIEW



PreRoll-Er™ is a trademark that specialize exclusively in the PreRolls Automation Solution. All of our equipment is manufacture in our factory in Terrebonne, Canada. We only built quality equipment that meets all the Canadian and USA regulation with CSA, UL approval. We only use high quality industrial grade components. We have a complete team of experts to support our customers around the world with state-of-the-art automation tools to remotely access your equipment for a very quick troubleshooting.

Solid Packaging is pleased to submit this proposal for the supply of:

1. Automatic Pre-Roll machine PreRoll-Er 200

to meet the needs of CANNAPIECE to automate their packaging line. We offer a strong and powerful packaging solution at very competitive prices without compromise. We are a recognized Manufacturer and Integrator of Packaging Equipment that strives to improve the customer experience through convenience, accuracy of orders, and timely delivery

Advantages of using our PreRoll-ER 200:

1. The PreRoll-ER is the result of 44 months of research and development
2. Proven Technology
3. Our Machine is the most flexible on the market.

Solid Packaging Robotik Inc. 950 boul. Industriel, Terrebonne, QC J6Y 1X1, Canada

Tel.: 514-360-1292 1-855-360-1292

<http://www.preroll-er.com>

4. We do Cigarette style with Automatic feeder and Flat Tip with weight (every prerolls)
5. Extremely quick and easy to clean and product change (Cannabis Strain)
6. Automatic adjustable Height cutting of the tip
7. Very tight and uniform twist with complete control of the number of twists.
8. The most advanced and proven filling and compaction technology. It's proven that it smokes evenly. With equal density of cannabis from the tip to the top.
9. The highest and most accurate weighing system. Each dose of cannabis are individually measure with an initial tare for each one for a precision of up to 0,01g. Very limited product loss. Individual check weighing at the end with reject system. Not an average of previous weight
10. 100% proudly made in North America. With complete technical support.
11. Modular design easy upgradability
12. QUALITY – REPEATABILITY – CONSISTENCY (The best quality Prerolls on the market)

Technical approach / project

- PreRoll-Er 200

The project involves providing an PreRoll-Er 200 that meets your specific needs for your project

We carry out complete tests before delivery of the machines and a guarantee of performance and outstanding aftersales service.

Request

The following materials are to be supplied by **CANNAPIECE** for this project. For **SOLID PACKAGING** to meet project milestones, this material must be supplied on schedule.

EQUIPMENT	DESCRIPTION of MATERIALS TO BE SUPPLIED	DELIVERY
For the PreRoll-Er 200	One size Cone of your choice per machine	See delivery schedule below

We cannot be responsible for cost overruns caused by client's failure to deliver materials by agreed upon due dates.

Conditions for the Purchase of 16 additional PreRoll-Er for a total of 18

Date: 2021-11-03
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Customer: **Cannapiece**

Progress payment schedule and conditions:

1. Cost per machine is \$402,975 (including conditions below and interest rate for the financing)
2. Blanket order for 16 machines.
3. \$17,000 down payment per machine
4. \$125,000 before delivery of each machine
5. \$23,725 Eleven (11) payments once per month (first payment start 60 days after delivery of the machine). Pending approval based on the review of your Financials
6. Two machines delivered and tested every 3 weeks starting January 2022 (must receive first payment by November 5, 2021); see payment and delivery schedule in Appendix A
7. Last 2 machines delivered is approximately End of May 2022
8. A protecting password will get reset after the payment is received for the month. The machine will not be operational without the new password.
9. 15% annual interest is applicable for late payments. Applicable one week after the due payment.
10. We own each machine until 100% of each machine is paid in full. A brief legal document will be prepared for this specifically and will be signed by both parties.
11. Minimum of ten (10) machines must be purchased and paid in full and can't be cancelled according to the Appendix A.
12. The six (6) other machines could be cancelled within 10 weeks of its scheduled delivery without penalties, from 10 to 7 weeks of its delivery a 20% restocking fee is applicable and from 7 to 4 weeks of its delivery a 30% restocking fee is applicable. Below 4 weeks of its delivery the machines can't be cancelled and must be paid in full.

Performance guarantee details:

13. The total production rate with all the machines combined must equal a minimum of 4000 good prerolls per 8h shift per machine calculated over one month production 5 days/week. Example: if you have 10 machines installed and commissioned and operating 3 shifts per day 5 days/week, then the minimum total would be: 10 machines x 3 shifts x 21 days (of production) x 4000 = 2,520,000 prerolls/month minimum. We will not look at the individual performance of each machine but the overall total of the machines in operation.
14. The monthly payment can be cut in half if the production for the month is below the minimum production total described above. The other half for that month will be paid 30 days later.

Performance conditions:

If these conditions are not met, then the performance guarantee conditions no longer apply.

15. Applicable after four (4) additional or more machines are installed

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Tel.: 514-360-1292 1-855-360-1292

<http://www.preroll-er.com>

Date: 2021-11-03
Proposal: S2021-09-20-6
Customer: Cannapiece

16. The Cone must be of standard quality and from a renowned manufacturer
17. The Cannabis must be between 1.5 to 3 millimeters in grinding size and moisture should be under 12%. If Procepack target a lot that is not suitable for automation, then they will communicate to Cannapiece and they will exclude that lot from the performance guarantee or can decide to run it manually.
18. The rooms where the machines are installed must have a temperature of 18 deg C or less
19. The operators will be selected, trained, and supervised by us
20. A minimum of one operator per 2 PreRoll-Er dedicated only to operate the machines
21. Cannapiece will provide a secured room or space for our technicians for parts storage and repair works.

Over performance conditions:

The purpose of this clause is to do everything possible to increase the production of your machine and have a small percentage of the return.

1. If the total for the month exceeds 20% of the minimum target based on the 4000/machine/shift, we receive 3.5 cents per prerolls produced over the 20%. Example from numbers above: Target is 2,520,000 (20% more is 3,024,000) and we reach 3,324,000, we get 3.5 cents x 300,000 = \$10,500 bonus for that month. This bonus structure is valid until the performance guarantee expires.

Included in the cost:

1. Crating included and shipping included for up to \$500/2 machines
 - a. Solid Packaging will insure the machine until it arrives at destination since we own 100% of the machine until each machine is paid in full
 - b. Cannapiece must have a proper insurance to cover any damages (up to \$410,000 /machine) made to the machine at their site and that insurance must be used to cover all repair or replacement of the machine and must be paid directly to SPR
2. Complete test of the PreRoll-Er at our factory before delivery
3. Initial Installation, Start-up assistance, Support and Training onsite for every delivery of the machine
4. Our technicians will make sure the machines are optimized and perform well to meet an optimal performance
5. Complete training, supervision and support of your operators by our technician
6. All parts and service support onsite included for one year from date of delivery for each machine.
7. All machine upgrades – new software and hardware upgrades for a total of 12 months for each machine from their delivery date. We will also upgrade all machines at the same level of software and hardware. Machines that no longer have the upgrades included (over 12 months) , the upgrades will be chargeable.

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8. All required spare parts will be put in consignment at Cannapiece for immediate availability and minimal downtime. After the delivery of 4 additional machines, for one year from date of delivery for each machine. When parts are used and not under warranty it will be charged. Warranty details:
 - a. Parts have a standard warranty of up to 2 000 000 prerolls or a maximum of 12 months from the delivery of the machine
 - b. Parts that are covered by the original manufacturer warranty will be covered without any limits of prerolls produced for up to 12 months from the date of delivery of the machine
9. Cannapiece will pay for the electrical and mechanical contractor under our supervision for the services required to run the machines
10. We will provide a project manager to supervise and integrate all future additional Automation solutions
11. We will provide the components of Automation when those components are available through us; if not available through us, then we will recommend and assist you
12. Technical support onsite after 6 or more PreRoll-Er are installed and commissioned. Free of charge for one year from date of delivery for each machine.
 - a. With 2 to 5 machines installed a permanent technician could be provided during the day at \$780/day including travel and living expenses. Including taking care of your 2 existing machines.
 - b. For one year from date of delivery for each machine: \$16,500/month per 6 machines installed for Technical support onsite. Additional machine will be \$2,750/month. This price includes a complete preventative maintenance every 3 months/machine or earlier if required. The cost of broken parts under warranty is covered.

1. Automatic preroll machine	PRICE CAD Turnkey
------------------------------	----------------------

Date:
 Proposal:
 Customer:

2021-11-03
 S2021-09-20-6

Cannapiece

<p>PreRoll-Er™</p> <p>Model : PreRoll-Er 200</p> <p><u>Benefits:</u></p> <ul style="list-style-type: none"> - One machine Replace between 10-14 persons /shift (can be run 3 shifts) – One operator is required to run the machine - Works with ALL TYPE OF CONES for up to 140mm high (option for longer – Quality of cones is very important - <u>Make Flat TOP and TWIST cutting included</u> - 800-1300 pre-rolls/h speed will depend on cannabis brand and cone shape and size - Guarantee High precision of up to 0.01g before filling <p><u>Specifications:</u></p> <ul style="list-style-type: none"> - For pre-rolls of 0,25g to 1,2g (Easy and fast adjustment and very accurate) - Accurately measure weight before filling the cone at up to 0,01g - Exit weight checking with reject system - Compaction from top and bottom for uniform density - Selectable number of turns for twisted tip - Adjustable Cutting of the tips - Auto-Loading of the Tubes – (2 boxes storage) - Fast and Tool less changeover - Module Modular design – You can easily get all the upgrades over the years - Unlimited statistical data of production on csv files - Complete adjustments of multiple parameters for each stations - HMI with unlimited recipes for different type and brand of Cannabis - Complete remote access - Online manual on HMI for maintenance and operation procedure - One operator can operate up to 3 PreRoll-Er machine - Complete guarding - One complete sets of tooling included – extra set available for \$6900 (see description below) - CSA or UL approved - Rugged construction - Electrical: 220V, 1Ph, 15A - 90-100psi (clean compressed air, no humidity), 20SCFM - Internet connection (hard wired no WIFI) 	<p>See conditions below</p>
---	-----------------------------

Date:

2021-11-03

Proposal:

S2021-09-20-6

Customer:

Cannapiece



Abbreviated list of the Main HIGH QUALITY components:

1. Main PLC: Omron NX102
2. Safety Controller: Omron G9SP
3. Network Pneumatic Manifold Com: Festo Ethercat
4. Main Servo Motors: Omron R88D
5. Servo Motors: Festo
6. Servo Drives: Festo
7. Servo Motors: Festo ERMO
8. Power Supply: Omron SV8K
9. HMI 15" touchscreen with video integration: Omron
10. Pneumatic Cylinder with Position Feedback: Festo
11. Pressure regulator and Air filters: Festo
12. Industrial Ethernet Switches: Phoenix Contact
13. Frame is in aluminium and 304SS
14. All contact parts are 304SS and FoodGrade Plastics

Disclaimer

Date: 2021-11-03
 Proposal: S2021-09-20-6
 Customer: **Cannapiece**

The prices listed in the preceding table are an estimate for the machines discussed. This summary is not a warranty of final price. Estimates are subject to change if project specifications are changed or costs for outsourced machines or services change before a contract is executed.

2021 RATES – FOR PROJECT ADDSON OR OTHER SERVICE REQUEST:

Hourly rates

Description	Hourly rate
Service Calls (electro mechanics) (3 hrs. minimum charge)	\$135,00
Start-up, Support and Training onsite	\$135,00
Expert Service Repair Evaluation, Engineering Support and Project Management	\$145.00
Internal Engineering Support	\$125,00
PLC and HMI programming	\$135,00
Fabrication and Assembly at Solid Packaging	\$95.00
Machining and Welding at Solid Packaging	\$85.00

Overtime

Item	Hourly rate
Outside normal business hours (7h30 to 16h)	1.5 (X) Hourly rat
Sunday and Holidays	2 (X) le Hourly rate

Travelling expenses

Item	Hourly rate
Kilometers fees	0.70\$/km
Travel time by our technician (\$65/hrs.)	Cost + 15%
Transportation, Accommodations, meals (\$75/day)	Cost + 15%

Billable hours

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All the hours spent on the project, at our local or yours, will be billed, including the hours used by all the persons engaged to prepare all the documentation, such as: reports and set of specifications.

CONCLUSION

We look forward to become your partner and supporting you for a complete success of your preroll production. We are very confident that we can meet the challenges ahead.

If you have questions on this proposal, feel free to contact Harold Bouchard P.Eng at your convenience by email at hbouchard@procepack.com or by phone at 514.826.8014

Thank you for your consideration,

Harold Bouchard P.Eng.
Président

AGREE TO TERMS & CONDITIONS

Both parties have read and accepted the above and following proposal and its terms.

X 

Harold Bouchard P.Eng

SOLID PACKAGING ROBOTIK INC.

X 

Eric Akbar - President

CANNAPIECE CORP.

TERMS AND CONDITIONS OF SALES

Warranty – brand new equipment. SPR warrants the equipment it sells new for a period of twelve (12) months from the date of delivery, for a maximum of two thousand (2000) hours of operating time under normal conditions starting on the date of delivery for Parts and Labour included in our plant, excluding normal wear and tear of parts. Support will be provided remotely by accessing the machine from our factory in Terrebonne. If we decide that a technician must travel onsite, then

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the time spent onsite to fix a problem under warranty is covered by the warranty. The travel time and living expenses are chargeable. The warranty is no longer valid if modifications are made to the equipment without our consent.

These warranties are conditional to the following elements: (i) the manufactured machinery and equipment were being used by the buyer under normal operating circumstances as established by SPR; and (ii) no modification or alteration of the manufactured machinery or equipment have been made by buyer made without SPR's prior written consent.

Price and Terms of Payment. If the Buyer fails to make any payment when due (each a "Missed Payment"), then it shall have ten (10) business days from the date of receipt of notice from SPR of the Missed Payment to remedy the default in payment by providing the payment to SPR, failing which SPR reserves its rights to suspend delivery and production of all machinery and equipment until full payment of all unpaid accounts or balances is received.

All unpaid accounts or balances due shall bear interest at a rate of one and one quarter percent (1.25%) per month, fifteen percent (15%) per annum, calculated and compounded monthly.

Collaboration and delivery. SPR requires the Buyer's collaboration so as to ensure that the delivered equipment corresponds to his expectations. In particular, the Buyer must provide any technical information that would be relevant to the design of the equipment (notwithstanding if SPR has requested such information or not) and approve the proposed design of the conditioning line. If applicable, the Buyer must also provide a sufficient number of non-cannabis-containing samples, products and/or packaging material, so that SPR may perform the appropriate tests on the equipment at its factory (the "Factory Acceptance Test"). SPR will make every reasonable effort to deliver the Equipment before or on schedule, however, SPR shall not be liable for any damages and/or loss of profit whatsoever due to a delay in delivery caused by the Buyer's default to properly inform SPR or his negligence to provide necessary items for testing.

Testing and Adjustments. The Buyer acknowledges that the equipment will be tested at SPR's facility without his specific cannabis strain before having it shipped. Consequently, SPR reserves the right to make any necessary changes, adjustments, and/or modifications to the equipment at the Buyer's facility before final delivery so as to ensure that it is fully compatible with the Buyer's specific product. Consequently, SPR cannot be held liable if final delivery occurs at a later date than what is specified in the proposal in the event that these delays are caused by issues specific to the Buyer's cannabis product and/or facilities.

Installation. (Refer to services included above) Otherwise SPR prices for equipment, parts and accessories do not include an allowance for installation or final on-site adjustments, installation and start-up service performed by SPR can be charged as a separate item and can be provided for in our quotation.

Cancellation. See cancellation clause above

Notwithstanding what precedes, the sole dispatch of the form herein without the signatures of authorized representatives of SPR and Buyer will in no event constitute a contract.

Waiver of rights. No failure on the part of SPR or Buyer to insist upon the strict performance of any terms and conditions under this agreement can be deemed a waiver of any rights that SPR or Buyer may have under this agreement, nor may be considered a waiver of any subsequent breach or default in these conditions.

Remedies and limitation of Liability. Except for liability for breach of confidentiality, or liability for infringement or misappropriation of intellectual property rights, in no event shall either party or its representatives be liable for special, exemplary, punitive, or aggravated damages, arising out of or relating to any breach of this agreement, whether or not the possibility of such damages has been disclosed in advance by the other party or could have been reasonably foreseen by the other party, regardless of the legal or equitable theory (contract, tort, or otherwise) upon which the claim is based and notwithstanding the failure of any agreed or other remedy of its essential purpose.

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Taxes. The Buyer is liable of every and all charges and taxes emanating from government, which can be local, provincial, or federal government, with respect to the machinery and services and will indemnify SPR of any claims, actions, and reclamations from such authorities over payment failure of such charges and taxes.

“Force majeure”. Any delay or failure of either party to perform its obligations under this agreement will be excused to the extent that the delay or failure was caused directly by an event beyond such party’s control, without such party’s fault or negligence, and that, by its nature, could not have been foreseen by such party or, if it could have been foreseen, was unavoidable (which events may include natural disasters, pandemics, endemics, embargoes, explosions, riots, wars or acts of terrorism) (each, a “Force Majeure Event”). Either party’s financial inability to perform, changes in cost or availability of materials, components, or services, market conditions, or supplier actions or contract disputes will not excuse performance by such party.

Complaints and Recall. In no case the equipment to be returned without SPR's written permission. Equipment accepted by us for credit is subject to a minimum service charge of twenty percent (20%), plus all transportation charges.

Property and Intellectual Property. SPR reserves its rights on ownership on all machinery and equipment, delivered or not, as well as on all drawings, engineering concepts, calculations, software, and programs until full payment of all unpaid account and balances. Furthermore, at all time, SPR reserves its rights to claim eligible Research and Development tax credits associated with the manufactured machinery and equipment.

Nothing in this agreement shall be construed as transferring to the Buyer any rights, titles, or interest in or to any patent, trademark, copyright, design, proprietary information, drawing, process, or “know-how”, which remains entirely in the property of SPR or its affiliates.

SPR, on behalf of itself and its affiliates in Canada, shall retain all rights to intellectual property relating to PreRoll-ER². In addition, SPR shall be free to exercise all its rights with respect to its own brand.

Severability. If any provision of this agreement shall be determined to be illegal, invalid, or unenforceable, then that provision shall be severed from this agreement and the remaining provisions shall continue in full force and effect.

Governing Law. This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario, and the federal laws of Canada applicable therein, and each party irrevocably attorn to the exclusive jurisdiction of the court of the Province of Ontario, district of Toronto, with respect to any matter arising hereunder or related hereto.

[end of document]

**This is Exhibit "BB" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square, black-and-white image of a handwritten signature, appearing to be the initials 'mf'.

A COMMISSIONER FOR TAKING AFFIDAVITS.

SHORT TITLE OF PROCEEDINGS	PARTIES	COURT FILE NUMBER	DATE COMMENCED	STATUS
A. Commenced and Pending				
Ovandi Inc. and Jeffrey Stewart v CannaPiece Group Inc.	Plaintiffs: Ovandi Inc. Jeffrey Stewart Defendant: CannaPiece Group Inc.	CV-20-00652705-0000	December 8, 2020	Ongoing. CPG issued an Amended Statement of Defence on November 11, 2021. Amount claimed: Plaintiffs individually claim \$5,000,000
Cortesis and Cortesis v 2580385 Ontario Inc. c.o.b Green Valley Wellness and CannaPiece Group Inc.	Plaintiffs: Stephen Cortesis Anne Cortesis Defendants: 2580385 Ontario Inc. c.o.b Green Valley Wellness CannaPiece Group Inc.	SC-22-00000137-0000	June 30, 2022	Ongoing. Pleadings closed. Amount claimed: Plaintiffs collectively claim \$14,506.70
Martin Oseni v CannaPiece Corp.	Plaintiff: Martin Oseni Defendant: CannaPiece Corp.	CV-22-00684919-0000	August 3, 2022	Pleadings closed. At discovery stage. Amount claimed: Minimum \$248,596.15 (common law reasonable notice + manner of dismissal) + not quantified human rights claim
2726398 Ontario Inc.	Plaintiff: 2726398 Ontario Inc.	CV-22-00688796-0000	October 18, 2022	Ongoing. Notice of Intent to defend not filed.

<p>v CannaPiece Group Inc. et al.</p>	<p>Defendants: CannaPiece Group Inc. CannaPiece Corp. Canadian Craft Growers Corp. Greenzone Therapy Inc. Ali Etemadi Afshin Souzankar Ahmad Rasouli Reza Khadem Shareza</p>			<p>Amount claimed: \$839,708.35</p>
<p>B. Anticipated Litigation</p>				
<p>/</p>	<p>Complainant: Adecco Employment Services Limited Receiving party: CannaPiece Corp.</p>	<p>/</p>	<p>/</p>	<p>Demand letter for \$204,137.58 sent from Adecco Employment Services Limited to CannaPiece Corp. on October 31, 2022.</p>
<p>/</p>	<p>Complainant: Medisun Inc. Receiving party: CannaPiece Corp.</p>	<p>/</p>	<p>/</p>	<p>Demand letter for \$51,172.65 sent from Medisun Inc. to CannaPiece Corp. on October 18, 2022.</p>

**This is Exhibit "CC" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square, black-and-white image of a handwritten signature, appearing to be the initials 'mjf' in a cursive script.

A COMMISSIONER FOR TAKING AFFIDAVITS.

ONTARIO
Superior Court of Justice



Cobourg
Small Claims Court
860 William Street
Cobourg, Ontario K9A 3A9
Address
905-372-3751
Phone number

Plaintiff's Claim
Form 7A Ont. Reg. No.: 258/98
SC-22-0000137-000
Claim No.

Plaintiff No. 1 Additional plaintiff(s) listed on attached Form 1A. Under 18 years of age.

Last name, or name of company Cortesis		
First name Stephen	Second name	Also known as
Address (street number, apt., unit)		
City/Town	Province	Phone no.
Postal code	Email address	
Representative James McGrath Law Office		Law Society of Ontario no. 24405V
Address (street number, apt., unit) 17 King Street East		
City/Town Cobourg	Province Ontario	Phone no. 905-373-1999
Postal code K9A 1K6	Email address james@jmcgrathlaw.ca	

Defendant No. 1 Additional defendant(s) listed on attached Form 1A. Under 18 years of age.

Last name, or name of company 2580385 Ontario Inc. c.o.b. Green Valley Wellness		
First name	Second name	Also known as
Address (street number, apt., unit) 100 Alistate Parkway, Suite 302		
City/Town Markham	Province Ontario	Phone no. 905-571-0420
Postal code L3R 6H3	Email address info@gvwellness.ca	
Representative		Law Society of Ontario no.
Address (street number, apt., unit)		
City/Town	Province	Phone no.
Postal code	Email address	

Les formules des tribunaux sont affichées en anglais et en français sur le site www.ontariocourtforms.on.ca. Visitez ce site pour des renseignements sur des formats accessibles.

SC-23-00000137-0000
Claim No.

Plaintiff No. 2

Defendant No.

Last name, or name of company Cortesi		
First name Anne	Second name	Also known as
Address (street number, apt., unit)		
City/Town	Province	Phone no.
Postal code	Email address	
Representative James McGrath Law Office		Law Society of Ontario no. 24405V
Address (street number, apt., unit) 17 King Street East		
City/Town Cobourg	Province Ontario	Phone no. 905-373-1999
Postal code K9A 1K6	Email address james@jmcgrathlaw.ca	

Plaintiff No.

Defendant No.

Last name, or name of company		
First name	Second name	Also known as
Address (street number, apt., unit)		
City/Town	Province	Phone no.
Postal code	Email address	
Representative		Law Society of Ontario no.
Address (street number, apt., unit)		
City/Town	Province	Phone no.
Postal code	Email address	

Plaintiff No.

Defendant No.

Last name, or name of company		
First name	Second name	Also known as
Address (street number, apt., unit)		
City/Town	Province	Phone no.
Postal code	Email address	
Representative		Law Society of Ontario no.
Address (street number, apt., unit)		
City/Town	Province	Phone no.
Postal code	Email address	

Plaintiff No. Defendant No. 2

Last name, or name of company Cannapiece Group Inc.		
First name	Second name	Also known as
Address (street number, apt., unit) 100 Allstate Parkway, Suite 302		
City/Town Markham	Province Ontario	Phone no. 1-844-447-6922
Postal code L3R 6H3	Email address info@cannapiece.ca	
Representative		Law Society of Ontario no.
Address (street number, apt., unit)		
City/Town	Province	Phone no.
Postal code	Email address	

Plaintiff No. Defendant No.

Last name, or name of company		
First name	Second name	Also known as
Address (street number, apt., unit)		
City/Town	Province	Phone no.
Postal code	Email address	
Representative		Law Society of Ontario no.
Address (street number, apt., unit)		
City/Town	Province	Phone no.
Postal code	Email address	

Plaintiff No. Defendant No.

Last name, or name of company		
First name	Second name	Also known as
Address (street number, apt., unit)		
City/Town	Province	Phone no.
Postal code	Email address	
Representative		Law Society of Ontario no.
Address (street number, apt., unit)		
City/Town	Province	Phone no.
Postal code	Email address	

REASONS FOR CLAIM AND DETAILS

Explain what happened, including where and when. Then explain how much money you are claiming or what goods you want returned.

If you are relying on any documents, you **MUST** attach copies to the claim. If evidence is lost or unavailable, you **MUST** explain why it is not attached.

What happened? See Schedule A attached to and forming part of this claim.
Where?
When?

Schedule A

1. The plaintiffs claim:
 - a. \$14,506.70;
 - b. Pre-judgment interest in accordance with the *Courts of Justice Act*, and subsequent amendments thereto;
 - c. Post-judgment interest in accordance with the *Courts of Justice Act*, and subsequent amendments thereto;
 - d. Costs of this action;
 - e. Such further and other relief as this Honourable Court deems just and appropriate.
2. The plaintiffs are individuals resident in the Town of Cobourg and Province of Ontario. They jointly own the property municipally known as 18 King Street West, Cobourg Ontario, (the property) that they rent out to tenants.
3. The corporate defendant, 2580385 Ontario Inc. carrying on business as Green Valley Wellness, (258) is a company duly incorporated in the province of Ontario and having its registered offices at 100 Allstate Parkway, 302, Markham, Ontario, L3R 6H3 and was operating a cannabis distribution business.
4. The corporate defendant Cannapiece Group Inc. (Cannapiece) is a company duly incorporated in the province of Ontario and having its registered offices at 100 Allstate Parkway, 302, Markham, Ontario, L3R 6H3.
5. The corporate defendants do not operate at arms-length to each other.

6. The individual defendants are the principals of one or both of the corporate defendants.
7. The plaintiffs rented out the property to Greenzone Therapy Inc. a company duly incorporated in the Dominion of Canada (Greenzone). The lease was reasonably standard form commercial lease commencing on March 1, 2019 and terminating on January 31, 2024. Amendments to the printed form were made prior to its final execution. A copy of that lease as it was signed is attached to this claim.
8. The terms of the lease were that the base rent was to be \$2,500.00 per month plus the tenant was to pay the property taxes for the commercial portion of the building. The taxes for the year 2021 were determined to be \$8,408.04 for the year, or \$700.67 each month.
9. Greenzone had begun to fall behind in its rental payments. The defendant 258 came forward and suggested the tenancy be assigned to it. An assignment of the lease was drawn up and countersigned by all parties. A copy of that assignment executed by the tenants and another copy executed by the plaintiffs are attached to this claim. The assignees, 258, picked up the lease together with all of its terms as of February 12, 2021 and thereby became fully responsible for the obligations as set out in the original lease document.
10. The rents of the property once again went into arrears. The defendant stopped paying rent as of and including September 2021. Throughout the term of the lease after assignment the tenant paid no property taxes as set out in the lease. An attempt to contact 258 resulted in a response from Jennifer Quick who stated she was counsel for Cannapiece

and that 258 was a subsidiary of Cannapiece. Cannapiece had been operating the rental premises in place of Green Valley.

11. During the term of the lease, Cannapiece took possession of the rental property from 258, without consent or knowledge of the plaintiff.
12. As noted above Cannapiece held out that 258 is its subsidiary.
13. Pransiya Franco was a principal officer, being secretary and treasurer of 258 during the relevant times. Kansen Franco signed the lease on behalf of Greenzone and was also a director of 258.
14. Afshin Souzankar is the chief executive officer and sole current director of 258.
15. Afshin Souzankar is also one of three current directors of Cannapiece and is also the president and chief executive officer of Cannapiece.
16. The plaintiff alleges that all three of these corporate entities are related, sharing the same principals and the same registered office. All three of these corporate entities were aware at all relevant times of the terms of the lease of the property.
17. In taking possession of the property from its subsidiary and related corporation, Cannapiece assumed all of the obligation of the lease that was assigned to 258.
18. Cannapiece exercises complete control of 258 such that 258 is a mere puppet of Cannapiece. It is clear that the appointment of officers of 258 is in the hands of Cannapiece as they share the principal officers. It is clear that Cannapiece is in direct

control of 258 and has full knowledge of the circumstances of 258's obligations, being in the same registered offices and making the business decisions on behalf of 258.

19. The piercing of the corporate veil is an equitable remedy that requires a consideration of the unique circumstances of the case. It is clear that 258 existed solely to insulate Cannapiece from the obligations it may incur in its business practices, which it carried out through 258. The decisions for 258 and the actual operation of the premises were in fact carried out by Cannapiece. It is improper for Cannapiece to assume the tenancy of the Plaintiff's premises but then to assert that it is not the responsible party as its subsidiary was the legal tenant.
20. It is also clear that the business conducted on the property was actually conducted on behalf of Cannapiece making it the actual tenant. Cannapiece used 258 as a shield for activity it was actually conducting.
21. Further, it is alleged that the principals of 258, Cannapiece and Greenzone, all being not at arm's length were using the corporate entities for the purpose of shielding the true tenants from the responsibility of paying the agreed upon rent.
22. Further, the conduct of the defendants and Greenzone purposely caused considerable confusion as to the parties responsible to the plaintiffs for their rent, the principals of all three corporate entities remain the same or closely connected therefore permitting the court to pierce the corporate veil not only in regards to 258 and Cannapiece but in regard to the individual principals of those companies.

23. It is alleged that Cannapiece is in effect conducting business while hiding behind its subsidiary 258 and even the related company Greenzone and that conduct is flagrantly unjust as allowing the true tenants to avoid responsibility for the tenancy agreement.
24. The plaintiffs sought to mitigate their damages once becoming aware that the property had been abandoned by 258 and Cannapiece. On December 1, 2021 the plaintiffs were able to rent the property to new tenants thereby crystalizing the damages as of December 1, 2021.
25. The amount of base rent owing from September to November inclusive is \$7,500.00. The amount owing on behalf of taxes for which the tenant is responsible is \$7,006.70 for total due of \$14,506.70.
26. The Plaintiff proposes that this action be tried at Cobourg, in the Province of Ontario.

How much? \$ 14,506.70
(Principal amount claimed)

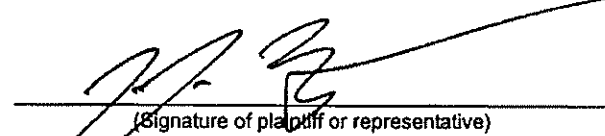
ADDITIONAL PAGES ARE ATTACHED BECAUSE MORE ROOM WAS NEEDED.

The plaintiff also claims pre-judgment interest from September 1, 2021 under:
(Date)

(Check only one box) the Courts of Justice Act
 an agreement at the rate of _____ % per year

and post-judgment interest, and court costs.

Prepared on: June 28, 20 22


(Signature of plaintiff or representative)

Issued on: June 30, 20 22

Teigan Jarvis
(Signature of clerk)

CAUTION TO DEFENDANT:	IF YOU DO NOT FILE A DEFENCE (Form 9A) and an Affidavit of Service (Form 8A) with the court within twenty (20) calendar days after you have been served with this Plaintiff's Claim, judgment may be obtained without notice and enforced against you. Forms and self-help materials are available at the Small Claims Court and on the following website: www.ontariocourtforms.on.ca .
CAUTION TO PARTIES:	Unless the court orders or the rules provide otherwise, THIS ACTION WILL BE AUTOMATICALLY DISMISSED if it has not been disposed of by order or otherwise two (2) years after it was commenced and a trial date or assessment under subrule 11.03(2) has not been requested.

**This is Exhibit "DD" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square, black-and-white image of a handwritten signature, appearing to be the initials 'mjf'.

A COMMISSIONER FOR TAKING AFFIDAVITS.



Court File No.:

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

MARTIN OSENI

Plaintiff

- and -

CANNAPIECE CORP.

Defendant

STATEMENT OF CLAIM

TO THE DEFENDANT(S)

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff(s). The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the Plaintiff(s) lawyer(s) or, where the Plaintiff(s) do(es) not have a lawyer, serve it on the Plaintiff(s), and file it, with proof of service in this court office, WITHIN TWENTY DAYS after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a Statement of Defence, you may serve and file a notice of intent to defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your Statement of Defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

IF YOU PAY THE PLAINTIFF(S) CLAIM, and \$1,000.00 for costs, within the time for serving and filing your Statement of Defence you may move to have this proceeding

dismissed by the court. If you believe the amount claimed for costs is excessive, you may pay the Plaintiff(s) claim and \$400.00 for costs and have the costs assessed by the court.

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

DATE: _____

ISSUED BY: _____
REGISTRAR

ADDRESS OF COURT OFFICE:
330 University Avenue 8th Floor
Toronto, ON M5G 1R8

TO: **CANNAPIECE CORP.**
302-100 Allstate Parkway
Markham, ON L3R 6H3

THIS ACTION IS BROUGHT AGAINST YOU UNDER THE SIMPLIFIED PROCEDURE PROVIDED IN RULE 76 OF THE RULES OF CIVIL PROCEDURE.

1. The Plaintiff claims:

- a. General damages for Wrongful Dismissal;
- b. Damages associated with the infringement of the Plaintiff's rights under the *Ontario Human Rights Code* ("the Code"), R.S.O. 1990, ch. 19, and under the *Ontario Human Rights Code Amendment Act*, S.O. 2006, c.30, including loss of wages, payment in lieu of reinstatement and compensation for injury to dignity, feelings and self-respect, which amounts shall be particularized in advance of trial;
- c. Aggravated, moral, and/or punitive damages and/or general damages on account of breach of the duty of honesty and good faith in contractual relations, which amounts shall be particularized in advance of Trial;

IN THE AGGREGATE AMOUNT OF \$200,000.00

- d. Special damages incurred in seeking alternate employment;
- e. Legal costs on a substantial indemnity basis or in the alternative, on a partial indemnity basis, or in the further alternative, at the discretion of the Court;
- f. Pre- and post-judgement interest in accordance with the provisions of the *Courts of Justice Act*, R.S.O. 1990, c.43; and
- g. Such further and other relief and this Honourable Court deems just.

BACKGROUND

2. The Plaintiff is 72 years of age and holds a P. Eng. designation.

3. The Defendant, CannaPiece Corp., is engaged in the business of cannabinoid processing and manufacturing. It offers services and products including but not limited to R&D, product development, third-party processing, packaging, large-scale extraction, production of edible cannabis, topicals and concentrates, as well as white-labeled products, to both domestic and international markets. Its head offices are located at 302-100 Allstate Parkway, Markham, Ontario.
4. The Plaintiff commenced employment with the Defendant on or about January 11, 2021.
5. At all material times, the Plaintiff held the position of Manager, Facilities & Maintenance, which is a skilled, technical, and essential role in nature.
6. The Plaintiff states that his employment was terminated without cause on April 21, 2022.
7. The Plaintiff states that he received 2 weeks' pay in the amount of \$3,653.85, which represents statutory payment in lieu of notice under the *Employment Standards Act, 2000* ("the Act").

WRONGFUL DISMISSAL

8. The Plaintiff states that the termination of his employment constitutes a Wrongful Dismissal on account of which he is entitled to reasonable notice at common law.

9. The Plaintiff acknowledges that his Employment Contract (“the Contract”) contains a clause (“the Termination Clause”) purporting to restrict his entitlements upon dismissal without cause.
10. The Plaintiff states that the Termination Clause does not rebut the presumption of dismissal upon provision of reasonable notice at common law, and puts the Defendant to the strict proof to the contrary.
11. In particular, the Plaintiff states that the Termination Clause constitutes an attempt to contract out of the statutory minimum entitlements, and therefore is void and unenforceable pursuant to Section 5. (1) of the Act.
12. In the alternative, the Termination Clause is ambiguous in respect of the Plaintiff’s entitlements upon dismissal and therefore is void and unenforceable in accordance with the principle of *contra proferentum*.
13. The Plaintiff states that damages for Wrongful Dismissal are properly assessed based on his total annual remuneration as follows:
- | | |
|---------------------|--------------|
| (a) Base salary: | \$ 95,000.00 |
| (b) Group benefits: | \$ 9,500.00 |
14. The Plaintiff received extensive group medical and dental benefits the value of which he estimates at 10% of his base salary, albeit received on a net-of-tax basis.

15. The Plaintiff therefore estimates the value of his total annual remuneration at \$104,500.00 per annum.

16. The Plaintiff states that he is entitled to reasonable notice at common law in the premises of 6 months' pay or \$52,250.00, less amounts received to date (\$3,653.85), thereby leaving a balance owing of \$48,596.15.

HUMAN RIGHTS CLAIM

17. The Plaintiff states that he is entitled to additional damages and other remedies under the *Ontario Human Rights Code* ("the Code") in respect to the manner of his dismissal.

18. The Plaintiff states that he was injured in the workplace on or about September 10, 2021, as a result of which he was transported to hospital by ambulance where he received 6 stitches in his head.

19. The Plaintiff states that the Defendant did not file a Form 7 "Employer's Report of Injury/Disease" with the Workplace Safety and Insurance Board as required.

20. The Plaintiff states that he returned to work the following day, but began experiencing complications from head injury, including but not limited to headaches and memory issues, which symptoms remain ongoing.

21. The Plaintiff states that the head injury has detrimentally impacted his conditions of day-to-day life, including his ability to conduct himself in the workplace as usual.

22. The Plaintiff further states that in or around early 2022, he suffered an unrelated injury to his hamstring, which caused him issues with his mobility. The Plaintiff states that he walked with a noticeable limp as a result of such injury.

23. The Plaintiff states that the Defendant began to treat him differently after it became aware that he was experiencing difficulties with his health.

24. The Plaintiff states that his disability and/or the perception of his being disabled negatively affected the Defendant's view of his age and/or ability to undertake the duties of his job as usual.

25. The Plaintiff states that he was made to feel increasingly disregarded, ignored and diminished in the workplace.

26. The Plaintiff states that he was terminated from employment in whole or in part as a result of his being disabled and/or the perception of his being disabled, which constitutes discrimination in the manner of dismissal contrary to the Code.

27. The Plaintiff states that at the time of dismissal he was advised that the Defendant was undergoing a "restructure", as a result of which his employment was

terminated. The Plaintiff states that to the extent that the Defendant was undergoing a restructure, which is strictly denied, then he was nevertheless selected for termination in whole or in part due to his age and/or disability and/or perception of his being disabled.

28. The Plaintiff seeks remedies under the Code including but not limited to: reinstatement, pay in lieu of reinstatement, and damages for injury to feelings, dignity and self-respect.

FURTHER RELIEF CLAIMED

29. Further and in addition to the foregoing, the Plaintiff states that the Defendant's conduct in the manner of dismissal and thereafter will entitle him to moral, aggravated, bad faith and/or punitive damages. The Plaintiff relies upon the following in this regard:

- (a) The Defendant's failure to provide a letter of reference, despite repeated requests for same;
- (b) The Defendant's conduct in repeatedly tying provision of a reference letter to execution of a Full and Final Release in its favour;
- (c) The Defendant's failure to provide outplacement counseling, despite repeated requests for same;
- (d) The Defendant's refusal to release the Plaintiff from the restrictive covenants relating to non-competition in his Employment Contract, notwithstanding that such provisions were overly broad, unduly onerous

and represent an unenforceable restraint on trade; and

- (e) The Defendant's conduct in tying a release from the above referenced restrictive covenants to the Plaintiff's execution of a Full and Final Release in its favour.

30. The Plaintiff further seeks special damages incurred in seeking alternate employment.

31. The Plaintiff also seeks his costs on a substantial indemnity basis, or alternatively, on a partial indemnity basis, or in the further alternative, at the discretion of the Court.

32. The Plaintiff seeks pre-judgment and post-judgment interest in accordance with the *Courts of Justice Act*, R.S.O. 1990, c.43.

33. The Plaintiff severs any amounts over \$200,000.00 to bring this matter within the monetary jurisdiction of Rule 76.

34. The Plaintiff proposes that this matter be tried in Toronto.

DATE: August 3, 2022

MARVIN A. GORODENSKY
PROFESSIONAL CORPORATION

908-45 St. Clair Avenue West
Toronto, ON M4V 1K9

Anthony Lungu (61920U)

Tel: (416) 323-9395

Fax: (416) 323-9957

Email: anthony@dismissed.ca

Lawyers for the Plaintiff

Court File No.

MARTIN OSENI
Plaintiff

- and -

CANNAPIECE CORP.
Defendant(s)

**ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT TORONTO**

STATEMENT OF CLAIM

**MARVIN A. GORODENSKY PROFESSIONAL
CORPORATION**
908-45 St. Clair Avenue West
Toronto, ON M4V 1K9

Anthony Lungu (61920U)
Tel: (416) 323-9395
Fax: (416) 323-9957
Email: anthony@dismissed.ca

Lawyers for the Plaintiff

**This is Exhibit "EE" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square box containing a handwritten signature in black ink. The signature appears to be the initials 'mjf' written in a cursive, slanted style.

A COMMISSIONER FOR TAKING A

AMENDED THIS August 20, 201 PURSUANT TO
MODIFIÉ CE CONFORMÉMENT À
 RULE/LA RÈGLE 26.02 (B)

Court File No.: CV-20-00652705-0000

THE ORDER OF _____
L'ORDONNANCE DU _____
DATED / FAIT LE _____

J. McCormack
REGISTRAR GREFFIER
SUPERIOR COURT OF JUSTICE COUR SUPÉRIEURE DE JUSTICE
BETWEEN:

**ONTARIO
SUPERIOR COURT OF JUSTICE**

(Court Seal)

OVANDI INC. and JEFFREY STEWART

Plaintiffs

- and -

CANNAPIECE GROUP INC.

Defendant

AMENDED STATEMENT OF CLAIM

TO THE DEFENDANT

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff.
The Claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the *Rules of Civil Procedure*, serve it on the Plaintiff's lawyer or, where the Plaintiff does not have a lawyer, serve it on the Plaintiff, and file it, with proof of service in this court office, WITHIN TWENTY DAYS after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a Statement of Defence, you may serve and file a Notice of Intent to Defend in Form 18B prescribed by the *Rules of Civil Procedure*. This will entitle you to ten more days within which to serve and file your Statement of Defence.

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TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Date 08-Dec-2020

Issued by

CU-EFILING

Local Registrar

Address of court office: Superior Court of Justice
330 University Avenue, 8th Floor
Toronto ON M5G 1R7

TO: **CANNAPIECE GROUP INC.**
201-100 Allstate Pkwy
Markham, ON L3R 6H3

CLAIM

1. The plaintiffs claims as against the defendant as follows:

(a) the plaintiff, Ovandi Inc., claims damages for breach of contract and misrepresentation in the sum of \$5,000,000.00, or such further or other amounts, the particulars of which will be provided to the defendant prior to trial;

~~(a)~~(b) the plaintiff, Jeffrey Stewart, damages for breach of contract and misrepresentation in the sum of \$5,000,000.00, or such further or other amounts, the particulars of which will be provided to the defendant prior to trial;

~~(b)~~(c) prejudgment and postjudgment interest in accordance with sections 128 and 129 of the *Courts of Justice Act*, RSO 1990, c C-43, as amended;

~~(c)~~(d) the costs of this proceeding, plus all applicable taxes; and

~~(d)~~(e) such further and other relief as to this Honourable Court may deem just.

The Parties

2. The plaintiff, Ovandi Inc. (“**Ovandi**”), is a corporation duly incorporated pursuant to the laws of the Province of Ontario. Ovandi is a cannabis technology company based in Toronto, Canada, that, at all material times, was developing devices for cannabis consumers, with a focus on the development and sale of a smart cannabis vaporizer for consumers.

3. The plaintiff, Jeffrey Stewart (“**Stewart**”), is an individual that resides in the Province of Ontario. At all material times, Stewart was the President of Ovandi.

3.4. The defendant, Cannapiece Group Inc. (“Cannapiece”), is a corporation duly incorporated pursuant to the laws of the Province of Ontario. Cannapiece is a corporation whose subsidiaries and affiliated organizations carry on business in the cannabis industry, including extraction, processing, manufacturing, and consumer products.

Background

4.5. In or around April 2019, Ovandi was well-positioned to be the first (or one of the first) companies in the cannabis industry to bring to market a smart cannabis marijuana storage and vaporizer product. It marketed this device as the “Saturn”.

5.6. In order to produce the Saturn for sale to consumers, Ovandi retained Meadowbank Asset Management Inc. (“MAM”) to secure financing.

6.7. Between April 2018 and June 2019, MAM connected Ovandi to numerous potential investors, including the defendant, Cannapiece, as well as Matica Enterprises, George Brown, Quinsam Capital, Grand River Enterprises, Cannabix Technologies Inc, Beleave, Terella, Organigram, Namaste Technologies, Hight Tide Inc., FLRish Inc, Spirit Lead, Fire and Flower, Delta 9ine, FSD Pharma, Auxley, and Kiarp.

The Letter of Intent

7.8. In or around the period between May 22, 2019, and June 19, 2019, there were several meetings, discussions, phone calls, and negotiations between Ovandi and Cannapiece that culminated on June 19, 2019, in the execution of a Letter of Intent between the parties (the “LOI”).

~~8.9.~~ In accordance with the terms of the LOI, Stewart and Rasouli commenced negotiations for a purchase of Ovandi's shares by Cannapiece. These negotiations began in or around June 2019 and continued until October 2019.

~~9.10.~~ Throughout the negotiation, Cannapiece and Ovandi undertook and concluded all required due diligence.

~~10.11.~~ At all material times, Ray Rasouli ("**Rasouli**"), the CEO of Cannapiece, made certain oral representations to Jeffrey Stewart ("**Stewart**"), the President of Ovandi. These representations included, without limitation, as follows:

- (a) that Cannapiece "loved the technology";
- (b) that Cannapiece has the best patent lawyers to assist with IP;
- (c) that Cannapiece would be able to sell units in all of its clinics;
- (d) that Cannapiece would leverage its network to help accelerate development and certification;
- (e) that Cannapiece and Ovandi were a perfect fit; and
- (f) that Cannapiece would help Ovandi with Funding, IP registration, sales, distribution, logistics, and eventually supplying cannabis when they are fully licensed.

~~11.12.~~ On or about August 14, 2019, Rasouli wrote to Stewart and said, "Ian will only provide you with our company policy including the our [(sic)] employment contract that you can send to

your team for review, everything else about our deal goes through me so there wouldn't be any misunderstanding that could delay our closing”.

~~12.13.~~ At all material times thereafter, Rasouli maintained this position.

~~13.14.~~ On September 10, 2019, there was a lunch between Stewart, Rasouli, Alison Lee (“Lee”), Ovandi’s Product Manager and Brand Specialist, and Ian Levine (“Levine”), Cannapiece’s Chief Operating Officer of Cannapiece, during which the parties orally concluded the terms of the share purchase agreement, and after which the parties shook hands on a “done deal” and Rasouli said, “the rest is up for our lawyers to wrap up. We welcome Ovandi to Cannapiece”.

~~14.15.~~ Ovandi and Stewart reasonably relied on the representations made by Cannapiece through its representative Rasouli.

The Share Purchase Agreement

~~15.16.~~ In or around the period between September 10, 2019, and October 7, 2019, the parties finalized all material terms of a written share purchase agreement.

~~16.17.~~ On or about October 7, 2019, Rasouli on behalf of Cannapiece and Stewart on his own behalf and on behalf of Ovandi orally accepted the terms of the written share purchase agreement (the “SPA”). Ovandi and Stewart delivered the signed agreement to Cannapiece that evening and Cannapiece agreed to deliver a signed agreement the following day.

~~17.18.~~ Ovandi and Stewart states that, as of October 7, 2019, all material and essential terms of the SPA were agreed to between Ovandi, Stewart and Cannapiece and that the SPA was final, binding, and enforceable on the parties.

~~18-19.~~ The express and/or implied terms of the SPA included, without limitation, as follows:

- (a) Cannapiece would purchase the shares of Ovandi for consideration of \$3,323,000.00, part in shares of Cannapiece and part in cash;
- (b) time was of the essence;
- (c) there would be a due diligence period of 15 days from the date of the agreement;
and
- (d) closing would occur within 30 days from the date of the agreement.

~~19-20.~~ The Plaintiffs plead that Ovandi is an implied party to the SPA or, in the alternative, a third party beneficiary of the SPA.

Breach of Contract

~~20-21.~~ Following acceptance of the SPA on October 7, 2019, Rasouli ceased all meaningful communication with Ovandi and Stewart. Instead, Levine on behalf of Cannapiece began conducting, with Ovandi and Stewart's cooperation, any further due diligence required by Cannapiece in accordance with the terms of the SPA. The due diligence period expired on or about October 22, 2019, without objection by Cannapiece.

~~21-22.~~ Thereafter, Cannapiece breached the terms of the SPA, or in the alternative, committed an anticipatory breach of the SPA, the particulars of which are as follows:

- (a) Cannapiece refused to deliver an executed copy of the SPA;

- (b) Cannapiece refused and/or failed to have the SPA approved by its Board of Directors;
- (c) Cannapiece took the position that there was no agreement;
- (d) Cannapiece failed to close the transaction on the Closing Date of November 6, 2019;
and
- (e) such further and other acts or omissions, the particulars of which will be provided to the defendant prior to trial.

23. At all material times, Ovandi and Stewart was ready, willing and able to conclude the transaction.

Misrepresentation

24. The plaintiffs state that Ovandi relied on the representations of Cannapiece to its detriment. Specifically, in reliance on the continuing negotiations, the SPA and the representaitons that the SPA would close, Ovandi, inter alia, ceased marketing itself, ceased its search for other investors, and halted development in anticipation of Cannapiece's involvement and the closing of the transaction.

22. —

Damages

25. As a result of the defendant's breach or contract and misrepresentation, ~~the plaintiff is~~ Stewart is entitled to damages amounting to the expectation value of the SPA, the particulars of which will be provided to the defendant prior to trial.

26. Further, as a result of the defendant's breach or contract and misrepresentation, Ovandi is entitled to damages amounting equivalent to the loss of value in its business.

23. —

24.27. The plaintiffs proposes that the trial of this Action proceed in the City of Toronto.

(Date of issue)

December 8, 2020

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Lawyers for the plaintiffs;

OVANDI INC.
Plaintiff

-and-

CANNAPIECE GROUP INC.
Defendant

Court File No. CV-20-00652705-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
Proceeding Commenced at Toronto

AMENDED STATEMENT OF CLAIM

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Lawyers for the Plaintiff

**This is Exhibit "FF" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square box containing a handwritten signature in black ink, which appears to be the initials 'mjf'.

A COMMISSIONER FOR TAKING A

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

OVANDI INC. and JEFFREY STEWART

Plaintiffs

- and -

CANNAPIECE GROUP INC.

Defendant

AMENDED STATEMENT OF DEFENCE

1. The defendant (“CannaPiece”) has no knowledge in respect of the allegations contained in paragraph ~~6~~ 7 of the amended statement of claim, regarding the other potential investors the plaintiff (“Ovandi”) connected with in respect of securing financing.

2. CannaPiece denies the allegations contained in all of the remaining paragraphs of the amended statement of claim, except as may be expressly admitted below.

3. This amended statement of defence is being delivered in response to the amended statement of claim.

Overview

4. There is no factual or legal basis for this action. Ovandi’s shareholders and CannaPiece had various discussions in respect of a potential share purchase transaction, but no such agreement was ever concluded or entered into. It was in fact Ovandi’s shareholders that ultimately terminated the discussions while they were ongoing.

5. Ovandi (a start-up company) and its shareholders knew that CannaPiece still required significant information regarding Ovandi's product, business plan, and valuation in order to evaluate the proposed transaction, and that approval was required from CannaPiece's board of directors before it would be prepared to enter into an agreement to invest in Ovandi. Ovandi and its shareholders failed to provide the necessary information – including satisfactory information regarding Ovandi's proposed product development, business plan (which was a work in progress), intellectual property, and financial and valuation information.

6. Ovandi's shareholders – not CannaPiece – terminated the parties' discussions when the potential transaction was still being discussed and considered. Ovandi and its shareholders were well aware that the proposed share purchase agreement had not been executed by CannaPiece, and that its board of directors had not approved the agreement or transaction, and had raised many outstanding questions and concerns in respect of it. Also, the proposed agreement contained a number of conditions precedent in CannaPiece's favour that were not, and would not have been, satisfied in any event.

7. Accordingly, no agreement was ever entered into and there are no obligations owing under it. Further and in any event, Ovandi itself was not even a party to the proposed agreement that it seeks to enforce; rather, it was only individual Ovandi shareholders and their representative who would have been parties opposite CannaPiece. Accordingly, Ovandi has no standing to bring this claim. Jeffrey Stewart, the added plaintiff, is one of the shareholders and his standing is limited to his proportionate shareholding interest.

The Parties

8. Ovandi is a start-up company seeking to develop a cannabis storage and vaporizer product (the “Product”). It was seeking financing for its proposed Product and business.

9. Mr. Stewart is a founder, officer, and one of the shareholders of Ovandi.

10. CannaPiece is a vertically integrated and licensed cannabis company incorporated in Ontario, with its head office in Markham.

The Initial Discussions Leading to a Non-Binding Letter of Intent

11. Starting in about May 2019 CannaPiece was introduced to Ovandi. Meadowbank Asset Management Inc. (“Meadowbank”), who was assisting Ovandi in trying to obtain financing/investors, approached CannaPiece on Ovandi’s behalf. Ovandi was a recently incorporated company that was unknown to CannaPiece.

12. Ovandi, along with Meadowbank, made a presentation to CannaPiece about its proposed Product it was developing and its plans. The parties had some discussions during which Ovandi, and in particular its founder ~~Jeffrey~~Mr. Stewart, made various oral representations about its Product and plans and the value of Ovandi, and how it might be a good fit for CannaPiece’s business.

13. As a result of the parties’ initial discussions, CannaPiece and Ovandi entered into a non-binding letter of intent in June 2019 (the “LOI”).

14. In the LOI, CannaPiece expressed an “interest” in potentially acquiring a 66.7% ownership share of Ovandi. The LOI was expressly non-binding. It stated that its terms were

“intended only to broadly outline the principal terms and conditions upon which the parties will attempt to negotiate the proposed transaction and do not create or impose any legally binding obligations between the parties.” Under the terms of the LOI, Ovandi agreed to provide various information to CannaPiece about its company and business.

The Discussions Concerning a Proposed Share Purchase Agreement

15. After entering into the LOI, the parties then had various discussions about the proposed transaction in the months that followed. Mr. Stewart led the discussions on Ovandi’s side, as the individual representative of the Ovandi shareholders. On CannaPiece’s side, Ray Rasouli led the initial discussions regarding the main business terms of the proposed transaction. Others at CannaPiece – including its president and chief operating officer at the time, Ian Levine, and its in-house counsel, Nandishi Bekah – were then involved in the discussions with Mr. Stewart and Ovandi, including to obtain various factual information about Ovandi as part of CannaPiece’s due diligence process in evaluating the potential transaction.

16. At the Ovandi shareholders’ request, the parties worked on preparing the terms of a proposed share purchase agreement while CannaPiece was still in the process of seeking from Ovandi and its shareholders various factual due diligence information to understand Ovandi’s Product, plans, and valuation and to further consider if it would be prepared to proceed with the proposed transaction.

17. External counsel for the parties worked on preparing a draft share purchase agreement between Mr. Stewart and the other individual shareholders of Ovandi (not Ovandi itself) and CannaPiece (the “SPA”). By October 7, 2019 the form of SPA that would be used if the

transaction were going to proceed had largely been prepared. As of that point, however, CannaPiece was still considering whether it was going to enter into and proceed with the proposed SPA transaction.

18. Specifically, CannaPiece still required key information from Ovandi and its shareholders for it to be able to assess the representations Mr. Stewart and Ovandi had made – including in respect of the value of the proposed transaction and pricing – and to make its final determination about entering into the transaction. There also still remained business terms to be agreed upon regarding the continued employment of Mr. Stewart and two other Ovandi principals: it was a term of the proposed transaction that they would enter into employment agreements going forward, and the terms of those agreements, including salary levels for them, were still being discussed and had not been agreed upon.

19. On October 7, 2019, counsel for the Ovandi shareholders unilaterally sent to CannaPiece’s counsel a copy of the proposed SPA executed by Mr. Stewart and the other Ovandi shareholders. Counsel for the Ovandi shareholders indicated it was being delivered “in escrow subject to receipt of a countersigned version and sign-off on the salaries set out below [i.e., the salaries that the three Ovandi principals were seeking, to which CannaPiece had not agreed]”. Contrary to the allegations in the statement of claim, there was no binding oral agreement between the parties at that point regarding the proposed SPA – it was always understood that the proposed SPA would need to be executed by both sides for it to be binding, and the SPA also included an entire agreement clause that excluded any prior oral discussions. CannaPiece had not completed its due diligence, nor had its board of directors approved entering into the proposed transaction or SPA by that point.

20. On October 9, 2019, in response to a request by Ovandi and its shareholders' counsel enquiring about CannaPiece executing the proposed SPA, Mr. Rasouli of CannaPiece informed Ovandi and its shareholders that CannaPiece's board of directors was in the process of reviewing the SPA and that "if everything is ok" CannaPiece should be in a position to execute the agreement the following week.

The Proposed SPA Was Never Subsequently Entered into by CannaPiece

21. The following week, after CannaPiece's leadership team and board met to consider the proposed transaction and draft SPA, CannaPiece expressly informed Mr. Stewart and Ovandi on October 16, 2019 that many questions had been raised by a number of CannaPiece team members regarding the proposed transaction and SPA. Ovandi and its shareholders were informed that CannaPiece needed additional information and answers to questions on a number of important topics in order to further evaluate the proposed transaction, including regarding Ovandi's Product, business plan, financial information and valuation underpinning the proposed transaction, and intellectual property rights. These questions and information were fundamental to CannaPiece's consideration of the proposed transaction. They would need to be satisfactorily addressed before CannaPiece would be prepared to enter into any form of SPA.

22. CannaPiece also informed Ovandi and its shareholders that it wanted to set up a meeting with them to go through these various questions and to "pave a clear path to finalizing the agreement". Ovandi and its shareholders were well aware at this point that the proposed SPA had not yet been approved by CannaPiece's board, and that it would not be entered into unless and until the questions and information requests raised by CannaPiece were satisfactorily addressed.

23. From mid-October 2019 until January 2020, there continued to be discussions between the parties during which Ovandi and its shareholders were trying to address the questions and information requests CannaPiece had raised. The information Ovandi and its shareholders provided was incomplete and unsatisfactory, and they failed to provide key information. For example, Ovandi's initial business plan was a shifting work in progress that did not reflect the reality of the marketplace and was not feasible, and Ovandi and its shareholders failed to provide any proper valuation that could support the proposed share purchase price. The topic of intellectual property rights also needed to be further assessed.

24. Further, it turned out that some oral representations Mr. Stewart had previously made on behalf of Ovandi and its shareholders regarding the status of Ovandi's Product development and plans, on which CannaPiece had been relying in pursuing the discussions, were not true or were overstated or unsubstantiated (including in respect of having arrangements in place with US distributors).

25. Starting in late October 2019, because (and while) the discussions were continuing between the parties and CannaPiece was still considering whether or not to enter into the potential transaction, CannaPiece agreed at Mr. Stewart's request to pay him a monthly stipend of \$5,000 to assist him with expenses at the time. CannaPiece did so as a goodwill gesture, given that it was taking longer than previously anticipated for CannaPiece to evaluate if it was prepared to enter into the transaction, and because Mr. Stewart had spent significant time during the discussions and did not have funds to cover certain expenses. The parties expressly recognized at the time that much additional work was still required before any final agreement could be executed.

26. On January 2, 2020, Mr. Stewart also asked if CannaPiece would be prepared to pay a \$2,750 expense for him to attend a trade show in Las Vegas, acknowledging that he was making the request even though “things with this have not reached the anticipated outcome yet”.

27. CannaPiece representatives met again with Mr. Stewart in January 2020. They discussed with him that there remained significant gaps in, and issues with, the information Ovandi and its shareholders had provided, including with Ovandi’s revised proposed business plan (which had shifted), and that this would affect the terms and valuation of any potential transaction. There remained significant gaps and failings in respect of the various key topics and information requests CannaPiece had been raising with Ovandi and its shareholders since October or earlier. CannaPiece summarized some of these points for Mr. Stewart in correspondence on January 16, 2020. Mr. Stewart was also informed that these points needed to be addressed by the end of February, as CannaPiece was not prepared to continue discussions indefinitely regarding the potential transaction.

28. In response, on January 17, 2020, Mr. Stewart indicated that “we are currently working on the business plan”.

29. Despite what Mr. Stewart indicated on January 17th, Ovandi and Mr. Stewart did not subsequently follow-up to provide any further or revised business plan or other information in response to the various outstanding key questions and information requests CannaPiece had continued to raise. They failed to do so even though they knew that such information was required for CannaPiece to continue considering entering into any share purchase transaction.

30. Instead, in February 2020, Mr. Stewart informed CannaPiece that he and the other Ovandi shareholders were in fact terminating the discussions and dealings between the parties at that point. The parties had no further discussions regarding the proposed transaction after that, and CannaPiece assumed that Mr. Stewart and Ovandi decided to pursue other potential financing options or plans.

No Liability

31. There is no basis in fact or in law for Ovandi's or Mr. Stewart's claim.

32. There was no SPA that was ever entered into, and CannaPiece expressly denies ~~Ovandi's~~ the plaintiffs' allegations to the contrary. It was well understood by the parties that there would be no binding agreement unless and until the SPA was executed by both sides. The SPA was never executed by CannaPiece.

33. Ovandi and its shareholders were aware that the SPA would only be executed if and when CannaPiece's information requests and due diligence were satisfactorily addressed, and only if its board of directors approved the transaction and the SPA. Those things never occurred, and Ovandi and its shareholders themselves terminated the parties' discussions knowing that no agreement had ultimately been finalized and entered into (and knowing the significant concerns CannaPiece had continued to raise relating to the proposed transaction).

34. Further and in any event, the proposed SPA which ~~Ovandi~~ the plaintiffs seek to enforce contained a number of conditions precedent in CannaPiece's favour. Even if the SPA had been entered into – which is not the case – there were a number of conditions that were not, and would not have been, satisfied. These included, among others, that: CannaPiece would have to be fully

satisfied with its due diligence in its sole and absolute discretion; CannaPiece board approval would have to be provided to complete the transaction; and Ovandi's and its shareholders' various representations would have to be true. Employment agreements would also have to have been agreed upon with the three Ovandi principals.

35. In the circumstances, there was no SPA that was ever entered into and no obligation on CannaPiece to complete any such transaction.

36. Further and in any event, there would be no basis for a claim by Ovandi itself on the proposed SPA because Ovandi was not even a party to it. The proposed SPA was between the individual Ovandi shareholders and their personal representative, Mr. Stewart, and CannaPiece. Ovandi was not even a party or signatory to the proposed SPA, and could not at law assert a claim to enforce it. Ovandi would therefore have no standing to bring this claim in any event. As one of the shareholders and proposed vendors, Mr. Stewart's standing is limited to his proportionate shareholding interest, though there is no tenable basis for his claim for reasons described above.

37. There is also no tenable basis for a misrepresentation claim. There were no misrepresentations by CannaPiece, and alleged statements regarding future intention or opinion would not be actionable in any event. It was always understood that a transaction would only be consummated and proceed if CannaPiece executed a binding SPA, and if the conditions precedent in an executed SPA were met. Further, as stated, it was in fact Mr. Stewart who had made misrepresentations about Ovandi's product development and status during the parties' discussions.

No Damages

38. Ovandi and Mr. Stewart ~~has~~ have suffered no compensable damages. For all the reasons outlined above there is no liability and there are no amounts owing by CannaPiece to Ovandi ~~or~~ to Mr. Stewart.

39. Alternatively, the damages claimed are excessive, remote, and not recoverable. This includes because ~~the~~ Mr. Stewart (along with other Ovandi shareholders) continued to own ~~their~~ his Ovandi shares that were to be sold pursuant to the proposed SPA. ~~They were~~ He (along with others) was able to choose to continue to hold ~~their~~ his shares or enter into a transaction with other parties to sell them if ~~they~~ he wished to do so and if they had value.

40. Further, even if the SPA had been entered into and had proceeded, Mr. Stewart (along with the other Ovandi shareholders) would only have been entitled to receive limited consideration at the time of closing: most of the contemplated consideration, the majority of which would have been in the form of shares of CannaPiece, would only have been due and owing in the future if and when certain specified milestones in the SPA were met regarding the development and marketing of Ovandi's Product. Mr. Stewart would only have been entitled to receive his proportionate share of the consideration, based on his shareholding interest.

41. To the extent that ~~the Ovandi shareholders~~ Mr. Stewart chose to hold ~~their~~ his shares, ~~they have~~ he has suffered no loss or alternatively ~~have~~ has failed to mitigate ~~their~~ any loss by pursuing an alternate transaction to sell ~~their~~ his shares. The plaintiffs could have pursued other sale or financing options.

42. For the above reasons, CannaPiece asks that this action be dismissed with costs.

January 22, 2021

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Court File No. CV-20-00652705-0000

OVANDI INC. et al v.
Plaintiffs

CANNAPIECE GROUP INC.
Defendant

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at TORONTO

AMENDED STATEMENT OF DEFENCE

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Lawyers for the Defendant

**This is Exhibit "GG" referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square, black-and-white image of a handwritten signature, appearing to be the initials 'mgf'.

A COMMISSIONER FOR TAKING A

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 THE COMPROMISE OR ARRANGEMENT OF
CANNAPIECE GROUP INC., CANNAPIECE CORP., CANADIAN CRAFT
GROWERS CORP., 2666222 ONTARIO LTD., 2580385 ONTARIO INC., AND
2669673 ONTARIO INC.. (collectively, the "**Applicants**")

CONSENT

BDO Canada Limited hereby consents to act as Court-appointed Monitor in these proceedings should such an Initial Order be granted by the Court.

Dated at Toronto this 2nd day of November, 2022

BDO CANADA LIMITED

Per:

DocuSigned by:

E3CC158198EC49A...

Name: Clark Lonergan

Title: Partner / Senior Vice President

(I have the authority to bind the corporation)

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT
ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF CANNAPIECE
GROUP INC., CANNAPIECE CORP., CANADIAN CRAFT GROWERS CORP., 2666222
ONTARIO LTD., 2580385 ONTARIO INC., AND 2669673 ONTARIO INC.

Court File No:

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

Proceeding commenced at Toronto

MONITOR'S CONSENT

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**This is Exhibit “HH” referred to in the affidavit
of AFSHIN SOUZANKAR, SWORN BEFORE ME
this 2nd day of November, 2022**

A small, square, black and white image containing a handwritten signature in cursive script, which appears to be the initials 'mgf'.

A COMMISSIONER FOR TAKING A

November 2, 2022

CannaPiece Group Inc.

100 Allstate Parkway, Suite 302
Markham, Ontario L3R 6H3

Attention: Afshin Souzankar, President and Chief Executive Officer

Re: Debtor-in-Possession Financing of CannaPiece Group Inc.

A. CannaPiece Group Inc., CannaPiece Corp. (“CPC”), Canadian Craft Growers Corp., 2666222 Ontario Ltd., 2580385 Ontario Inc. and 2669673 Ontario Inc. (collectively, the “**Borrowers**”) intend to make an application to the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) for an initial order (the “**Initial Order**”), among other things, commencing proceedings under the *Companies’ Creditors Arrangement Act* (the “**CCAA Proceedings**”), imposing a stay of proceedings in favour of the Borrowers (the “**Initial Stay**”), appointing BDO Canada Limited as Monitor of the Borrowers (in such capacity, the “**Monitor**”), approving this term sheet (this “**Term Sheet**”) and granting the DIP Lender’s Charge (as defined herein).

B. The Borrowers and Cardinal Advisory Limited, or its nominee (the “**Lender**”) are in the process of negotiating a purchase agreement (the “**Purchase Agreement**”) pursuant to which the Lender intends to: (i) acquire 100% ownership of CPC within the CCAA Proceedings by way of reverse approval and vesting order; and (ii) act as a stalking horse bidder in a Court-supervised sale and investment solicitation process (“**SISP**”) within the CCAA Proceedings.

C. In the event that the Initial Order is granted, and prior to the expiry of the Initial Stay, the Borrowers will seek:

- (i) an order amending and restating the Initial Order to, *inter alia*, extend the Initial Stay (as may be further amended and restated from time to time, the “**ARIO**”); and
- (ii) an order approving, and authorizing the Monitor to conduct, the SISP, and approving the Purchase Agreement as a stalking horse bid within the SISP (as may be amended and restated from time to time, the “**SISP Order**”).

C. The Borrowers require funding to satisfy the cashflow requirements of the CCAA Proceedings and other short-term liquidity requirements during the Initial Stay.

D. The Lender has agreed to advance a debtor-in-possession loan in the aggregate principal amount of \$500,000, subject to and in accordance with the terms and conditions of this Term Sheet.

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements set forth below, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

SUMMARY OF TERMS FOR DIP FACILITY

- 1. Borrowers:** CannaPiece Group Inc., CannaPiece Corp., Canadian Craft Growers Corp., 2666222 Ontario Ltd., 2580385 Ontario Inc. and 2669673 Ontario Inc., on a joint and several basis.
- 2. Lender:** Cardinal Advisory Limited
- 3. DIP Facility / Deposit:** Non-revolving facility in the maximum aggregate principal amount of \$500,000 (the “**DIP Facility**”). The DIP Facility shall be treated in all respects as a debtor-in-possession loan in accordance with the terms and conditions set out in this Term Sheet unless and until the Purchase Agreement is approved as a stalking horse bid in the SISP pursuant to the SISP Order, at which point all amounts advanced under the DIP Facility shall be treated as a deposit and governed by the Purchase Agreement and the SISP Order.
- 4. Purpose:** The DIP Facility shall be available during the Initial Stay to fund: (i) working capital needs of the Borrowers; (ii) professional fees and expenses incurred by the Borrowers and the Monitor in respect of the CCAA Proceedings, in each case in accordance with the cash flow projections approved by the Monitor and the Lender (the “**Interim Cash Flow Projections**”); (iii) the Recoverable Expenses (as defined below); and (iv) such other costs and expenses of the Borrowers as may be agreed to by the Lender, in writing.

The amount and purpose of the DIP Facility may be amended by the Borrowers and the Lender in writing. The Borrowers may not use the proceeds of the DIP Facility to pay any pre-filing obligations of the Borrowers, except in accordance with the Interim Cash Flow Projections or with the prior written consent of the Lender and the Monitor.
- 5. Funding Conditions:** The DIP Facility shall be available to the Borrowers, subject to all other terms and conditions of this Term Sheet, immediately upon the issuance of the Initial Order. For certainty, the Initial Order shall be in form and substance satisfactory to the Borrowers, acting reasonably, and shall include standard provisions approving this Term Sheet and the DIP Facility and granting the DIP Lender’s Charge.

Nothing in this Term Sheet creates a legally binding obligation on the Lender to advance any amount under the DIP Facility at any time unless the Borrowers are in compliance with the provisions of this Term Sheet.
- 6. Interest:** Interest shall accrue on amounts Advanced under the DIP Facility at a rate equal to 12% per annum (the “**Interest**”). Interest shall be calculated on the daily outstanding balance owing under the DIP Facility, not in advance, and shall accrue and be paid or otherwise satisfied on the Maturity Date (as defined herein).
- 7. Recoverable Expenses:** The Borrowers shall pay all fees and expenses (collectively, the “**Recoverable Expenses**”) incurred by the Lender in connection with the preparation, registration and ongoing administration of this Term Sheet, the DIP Facility, the Initial Order, the ARIO, the SISP Order, the DIP Lender’s Charge and with the enforcement of the Lender’s rights and remedies hereunder and thereunder, at law or in equity, including, without limitation

all reasonable legal fees and disbursements incurred by the Lender. For greater certainty, “Recoverable Expenses” shall include all reasonable fees and expenses incurred by the Lender in connection with the CCAA Proceedings and all Court attendances in respect thereof. If the Lender has paid any expenses for which the Lender is entitled to reimbursement from the Borrowers, such expenses shall be added to the DIP Facility and shall accrue Interest at the rate set out above. All such fees and expenses and Interest thereon shall be secured by the DIP Lender’s Charge whether or not any funds under the DIP Facility are advanced.

8. Commitment Fee: The Borrowers shall pay a commitment fee in the amount of \$10,000 (the “**Fee**”), representing 2% of the total amount available under the DIP Facility, which shall be fully earned upon the execution of this Term Sheet and shall be paid or otherwise satisfied on the Maturity Date. For certainty, the Fee shall be secured by the DIP Lender’s Charge.

9. Security: All debts, liabilities and obligations of the Borrowers to the Lender under or in connection with the DIP Facility (including, without limitation, Interest, Fees and Recoverable Expenses), this Term Sheet and any other documents executed in connection therewith shall be secured by a Court-ordered priority charge (the “**DIP Lender’s Charge**”) granted to the Lender in and to all present and future properties, assets, and undertakings of the Borrowers, real and personal, tangible and intangible, whether now owned or hereafter acquired, and the proceeds thereof (the “**Property**”), subject only to an administration charge in the maximum aggregate amount of \$250,000 under the Initial Order (as may be increased in the ARIO) for the payment of the fees and expenses of the Monitor, counsel to the Borrowers and counsel to the Monitor (the “**Administration Charge**”).

10. Maturity Date: Unless otherwise agreed to by the Lender and the Borrowers in writing, the term of the DIP Facility shall expire, and the Borrowers shall repay all obligations owing to the Lender under this Term Sheet, on the earliest of (the “**Maturity Date**”):

- (a) February 3, 2023;
- (b) the issuance of the SISP Order, approving the Purchase Agreement as a stalking horse bid in the SISP, in which case all amounts owing under the DIP Facility shall be treated as a deposit and governed by the terms of the Purchase Agreement and the SISP Order;
- (c) the closing of a sale or investment transaction resulting from the SISP (other than the transaction contemplated by the Purchase Agreement), which transaction has been approved by an order of the Court;
- (d) the implementation of a plan of compromise or arrangement within the CCAA Proceedings, which has been approved by the requisite majority of the Borrowers’ creditors, and by an order of the Court;
- (e) the date on which the CCAA Proceedings are terminated for any reason, including if the CCAA Proceedings are converted into a

proceeding under the *Bankruptcy and Insolvency Act* (the “**BIA**”); and

- (f) the occurrence of an Event of Default (as defined herein), subject to a cure period of seven (7) business days, beginning on the date of the occurrence of such Event of Default.

11. Repayment:

Unless the Maturity Date occurs in accordance with Section 11(b), above, the aggregate principal amount owing under the DIP Facility plus all accrued and unpaid Interest, Recoverable Expenses and the Fee, shall become immediately due and payable on the Maturity Date. The DIP Facility may be prepaid at any time, without penalty (provided all accrued and unpaid Interest, Recoverable Expenses and the Fee are paid in full) prior to entry into the Purchase Agreement. If the Borrowers choose to prepay any amount owing under the DIP Facility, any such payment shall be applied: (i) first, to all accrued and unpaid Interest; (ii) second, to the Fee and Recoverable Expenses; and (iii) third, to any principal amount outstanding under the DIP Facility.

12. Covenants:

The Borrowers covenant and agree with the Lender, so long as any amounts are outstanding by the Borrowers to the Lender hereunder, to:

- (a) promptly on the receipt by the Borrowers of the same, give the Lender a copy of any Notice of Motion or Application to vary, supplement, revoke, terminate or discharge the Initial Order, or any other Court Order issued in the CCAA Proceedings, including, without limitation, any application to the Court for the granting of new or additional security that will or may have priority over the DIP Lender’s Charge, or otherwise for the variation of the priority of the DIP Lender’s Charge;
- (b) provide the Lender with any additional financial information reasonably requested by the Lender, to the extent that it is readily available;
- (c) provide the Lender with prompt written notice of any event which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default, a breach of any covenant, or other term or condition of this Term Sheet, or of any document executed in connection with this Term Sheet;
- (d) pay all property taxes and other claims which, under law, may rank prior to or *pari passu* with the DIP Lender’s Charge due and payable from and after the commencement of the CCAA Proceedings, as and when such amounts are due;
- (e) keep the Borrowers’ assets fully insured against such perils and in such manner as would be customarily insured by companies owning similar assets;
- (f) not, without the prior written consent of the Lender, incur any borrowings or other secured indebtedness, obligations or liabilities, other than the DIP Facility, or create or grant any security (other than

the Administration Charge and the DIP Lender's Charge) over any of the Borrowers' Property, whether ranking in priority to or subordinate to the DIP Lender's Charge; and

- (g) conduct all activities in the ordinary course and in material compliance with the Interim Cash Flow Projections.

13. Events of Default:

The DIP Facility shall be subject to the following events of default (each, an "Event of Default"):

- (a) the failure of the Borrowers to pay any amount due hereunder when due and payable;
- (b) any covenant, condition precedent, payment obligation, or other term or condition of this Term Sheet is not complied with or fulfilled to the satisfaction of the Lender;
- (c) the seeking or support by the Borrowers, or the issuance by the Court, of any Court order (in the CCAA Proceedings or otherwise) which is adverse or potentially adverse to the interests of the Lender, in its sole discretion;
- (d) the occurrence of an event that will, in the opinion of the Lender, materially impair the Borrowers' financial condition, operations or ability to perform under this Term Sheet or any order of the Court;
- (e) the occurrence of any material adverse change in: (i) the business, operations, or financial condition of the Borrowers; (ii) the Property of the Borrowers; (iii) the DIP Lender's Charge, including its relative priority; (iv) the ability of the Borrowers to perform their obligations to the Lender or to any person under any material contract; (v) the Lender's ability to enforce any of its rights or remedies against the Borrowers' Property or for the obligations of the Borrowers to be satisfied from the realization thereof;
- (f) the Borrowers become bankrupt or subject to a proceeding under the BIA, or a receiver, interim receiver, receiver and manager or trustee in bankruptcy is appointed in respect of any Borrower, or any Borrower's Property;
- (g) the commencement of any claim, action, proceeding, application, motion, defense or other contested matter the purpose of which is to seek, or the result of which would be, to obtain any order, judgment, determination, declaration or similar relief: (i) invalidating, setting aside, avoiding, or subordinating the obligations of the Borrowers under the DIP Facility, the DIP Lender's Charge or its priority; (ii) for monetary, injunctive or other relief against the Lender or the Borrowers' Property; or (iii) preventing, hindering or otherwise delaying the exercise by the Lender of any of its rights and remedies hereunder, pursuant to the Initial Order or under applicable law, or the enforcement or realization by the Lender against any of its collateral.

14. Remedies and Enforcement:

Following the occurrence of an Event of Default, and the expiration of the cure period prescribed in Section 11(f), upon written notice to the Borrowers and the Monitor, the Lender shall have the right, subject to the Lender obtaining an Order from the Court lifting the stay under the CCAA Proceedings, to:

- (a) enforce the DIP Lender's Charge and realize on the Property and any other collateral securing the DIP Facility;
- (b) exercise the rights and powers of a secured lender and mortgagee pursuant to the *Personal Property Security Act*, the *Mortgages Act* or any legislation of similar effect; and
- (c) exercise all such other rights and remedies available to the Lender under this Term Sheet, the Initial Order, any other order of the Court or applicable law.

No failure or delay on the part of the Lender in exercising any of its rights and remedies shall be deemed to be a waiver of any kind.

15. Further Assurances: The Borrowers will, at their own expense and promptly on demand by the Lender at any time, do such acts and things and execute and deliver such documents as the Lender may reasonably request to give effect to any other provisions set out hereunder.

16. Assignment: The Borrowers shall not assign this Term Sheet or any of the provisions set out herein without the prior written consent of the Lender. The Lender may assign or sell its rights or obligations with respect to this Term Sheet to any person without the prior written consent of the Borrowers.

17. Governing Law: The DIP Facility and the provisions set out herein shall be governed and construed in all respects in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

18. Currency: All dollar amounts herein are in Canadian Dollars.

19. Acceptance: This Term Sheet is open for acceptance until 5:00 p.m. (Toronto time) on November 2, 2022. The Borrowers may accept this Term Sheet by returning a countersigned copy of this Term Sheet to the Lender (by electronic transmission or personal delivery).

[Signature Page Follows]

Dated this 2nd day of November, 2022.

CARDINAL ADVISORY LIMITED

By:  _____

Name: Bill Panagiotakopoulos

Title: President

I have authority to bind the Corporation.

ACCEPTANCE

TO THE DIP LENDER:

For good and valuable consideration received, CannaPiece Group Inc., CannaPiece Corp., Canadian Craft Growers Corp., 2666222 Ontario Ltd. and 2580385 Ontario Inc., accept and agree to comply with the provisions of the Term Sheet set out above, on a joint and several basis.

Dated this 02 day of November, 2022.

CANNAPIECE GROUP INC.

By: Afshin Souzankar
Name: Afshin Souzankar
Title: President and CEO

I have authority to bind the Corporation.

CANNAPIECE CORP.

By: Afshin Souzankar
Name: Afshin Souzankar
Title: President and CEO

I have authority to bind the Corporation.

CANADIAN CRAFT GROWERS CORP.

By: Afshin Souzankar
Name: Afshin Souzankar
Title: President

I have authority to bind the Corporation.

2666222 ONTARIO LTD.

By: Afshin Souzankar
Name: Afshin Souzankar
Title: President

I have authority to bind the Corporation.

2580385 ONTARIO INC.

By: _____

Name: Afshin Souzankar

Title: President

I have authority to bind the Corporation.



2669673 ONTARIO INC.

By: _____

Name: Afshin Souzankar

Title: Authorized Signatory

I have authority to bind the Corporation.



**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
CANNAPIECE GROUP INC., CANNAPIECE CORP., CANADIAN CRAFT GROWERS
CORP., 2666222 ONTARIO LTD., 2580385 ONTARIO INC. AND 2669673 ONTARIO
INC.**

Court File No.: CV-22-00689631-00CL

Applicants

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**
Proceeding commenced at TORONTO

**AFFIDAVIT OF AFSHIN SOUZANKAR
(RETURNABLE NOVEMBER 3, 2022]**

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Tel: 416.595.6087
Lawyers for the Applicants

TAB 3

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) THURSDAY, THE 3rd
JUSTICE PENNY) DAY OF NOVEMBER, 2022

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
CANNAPIECE GROUP INC., CANNAPIECE CORP., CANADIAN CRAFT GROWERS
CORP., 2666222 ONTARIO LTD., 2580385 ONTARIO INC., AND 2669673 ONTARIO
INC.

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**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Afshin Souzankar sworn November 2, 2022 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 and counsel for the proposed Monitor, no one appearing for any other party although duly served as appears from the affidavit of service of Maureen McLaren sworn November 2, 2022, and on reading the consent of BDO Canada Limited to act as the Monitor,

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.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that the Applicants 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 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 its 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 it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that the Applicants 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;
- (b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges; and
- (c) any taxes, duties, or other payments required under the Cannabis Legislation (as defined below).

6. **THIS COURT ORDERS** that 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; and
- (b) 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, (iii) Quebec Pension Plan, and (iv) income taxes;

- (b) all goods and services or other applicable sales taxes and all federal excise taxes and duties (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.

8. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants 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 Applicants and the landlord from time to time ("**Rent**"), for the period 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.

9. **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 the Applicants to any of their creditors as of this date; (b) to grant no security interests, trust, 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 the Business.

RESTRUCTURING

10. **THIS COURT ORDERS** that the Applicants 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 \$50,000 in any one transaction or \$100,000 in the aggregate;
- (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,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "**Restructuring**").

11. **THIS COURT ORDERS** that the Applicants shall provide each of the relevant landlords with notice of the Applicants' 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 Applicants' 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 Applicants, or by further Order of this Court upon application by the Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the Applicants disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, they 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 of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.

12. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, 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 Applicants 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 APPLICANTS OR THE PROPERTY

13. **THIS COURT ORDERS** that until and including November 10, 2022, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in 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 the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14. **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 (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any

registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

15. **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

16. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with any of 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, security services, payroll services, insurance, transportation services, utility or other services to the Business or any of 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 any of the Applicants, and that each of 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 applicable Applicant in accordance with normal payment practices of the applicable Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the applicable Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

17. **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

18. **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

19. **THIS COURT ORDERS** that the Applicants shall indemnify their 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 officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

APPOINTMENT OF MONITOR

20. **THIS COURT ORDERS** that BDO Canada Limited 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.

21. **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 and its counsel 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 its preparation of the 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 as agreed to by the DIP Lender;
- (e) advise the Applicants in their development of the Plan and any amendments to the Plan;
- (f) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (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 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;

- (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
- (i) perform such other duties as are required by this Order or by this Court from time to time.

22. **THIS COURT ORDERS** that 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*, R.S.C. 1985, c. E. 15, the *Ontario Cannabis Control Act, 2017*, 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.

23. **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.

24. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Applicants and the DIP Lender 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.

25. **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.

26. **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, 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 Applicant on a weekly basis.

27. **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.

28. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, if any, 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 \$250,000 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 35 and 37 hereof.

DIP FINANCING

29. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from Cardinal Advisory Limited, on behalf of a corporation to be incorporated (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 \$500,000 unless permitted by further Order of this Court.

30. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicants and the DIP Lender dated as of November 2, 2022 (the "**DIP Term Sheet**"), filed.

31. **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**"), as are contemplated by the DIP Term Sheet 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 its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

32. **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 35 and 37 hereof.

33. **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 seven 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 Term Sheet, 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 Term Sheet, 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.

34. **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 the Applicants under the *Bankruptcy and Insolvency*

Act of Canada (the "**BIA**"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

35. **THIS COURT ORDERS** that the priorities of the Administration Charge and the DIP Lender's Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$250,000); and

Second – DIP Lender's Charge (to the maximum amount of \$500,000).

36. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge or the DIP Lender's Charge (collectively, the "**Charges**") shall not be required, and that 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.

37. **THIS COURT ORDERS** that subject to the priorities set out in paragraph 35 each of the Charges (all as constituted and defined herein) 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.

38. **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 Administration Charge or the DIP Lender's Charge, unless the Applicants also obtain the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Administration Charge, or further Order of this Court.

39. **THIS COURT ORDERS** that the Administration Charge, the DIP Term Sheet, 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 bind 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 DIP Term Sheet or the Definitive Documents shall create or be deemed to constitute a breach by the Applicants of any Agreement to which they 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 Applicants entering into the DIP Term Sheet, 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 Term Sheet 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.

40. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

SERVICE AND NOTICE

41. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in the Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1000, and (C) 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.

42. **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/>) 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 <https://www.bdo.ca/en-ca/extranets/Cannapiece/>.

43. **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).

44. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants 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.

GENERAL

45. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

46. **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.

47. **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.

48. **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.

49. **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.

50. **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

Court File No.: CV-22-00689631-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
CANNAPIECE GROUP INC., CANNAPIECE CORP., CANNAPIECE CRAFT GROWERS
CORP., 2666222 ONTARIO LTD., 2580385 ONTARIO INC. AND 2669673 ONTARIO INC.
Applicants

**ONTARIO
SUPERIOR COURT OF JUSTICE -
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**NOTICE OF APPLICATION
(RETURNABLE NOVEMBER 3, 2022)**

MILLER THOMSON LLP

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Lawyers for the Applicants

TAB 4

from the affidavit of service of ~~[NAME]~~Maureen McLaren sworn ~~[DATE]~~November 2, 2022, and on reading the consent of ~~[MONITOR'S NAME]~~BDO Canada Limited to act as the Monitor,

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~~Applicants 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 business in a manner consistent with the preservation of its 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

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.~~

employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. ~~[THIS COURT ORDERS that the Applicant shall be entitled to continue to utilize the central cash management system³ currently in place as described in the 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 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, 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.]~~ THIS COURT ORDERS that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

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~~

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.~~

(b) the fees and disbursements of any Assistants retained or employed by the ~~Applicant~~Applicants in respect of these proceedings, at their standard rates and charges; and

(c) any taxes, duties, or other payments required under the Cannabis Legislation (as defined below).

6. ~~7.~~ **THIS COURT ORDERS** that, 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) 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, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes and all federal excise taxes and duties (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.

8. ~~9.~~ **THIS COURT ORDERS** that until a real property lease is disclaimed ~~for~~ ~~resiliated~~⁴ in accordance with the CCAA, the ~~Applicant~~Applicants 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~~Applicants and the landlord from time to time ("**Rent**"), for the period 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.

9. ~~10.~~ **THIS COURT ORDERS** that, except as specifically permitted herein, the ~~Applicant is~~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 the ~~Applicant~~Applicants to any of ~~its~~their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of ~~its~~their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

⁴~~The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

RESTRUCTURING

10. ~~11.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants 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 \$~~50,000~~50,000 in any one transaction or \$~~100,000~~100,000 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,

all of the foregoing to permit the ~~Applicant~~Applicants to proceed with an orderly restructuring of the Business (the "**Restructuring**").

11. ~~12.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall provide each of the relevant landlords with notice of the ~~Applicant's~~Applicants' 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~~Applicants' 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~~Applicants, or by further Order of this Court upon application by the ~~Applicant~~Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the ~~Applicant disclaims~~

⁵~~Section 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.~~

~~for resiliates~~ Applicants disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, ~~it~~ they 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 ~~for resiliation~~ of the lease shall be without prejudice to the ~~Applicant's~~ Applicants' claim to the fixtures in dispute.

12. ~~13.~~ **THIS COURT ORDERS** that if a notice of disclaimer ~~for resiliation~~ is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer ~~for resiliation~~, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the ~~Applicant~~ Applicants and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer ~~for 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~~ Applicants 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

13. ~~14.~~ **THIS COURT ORDERS** that until and including ~~{DATE—MAX. 30 DAYS}~~, November 10, 2022, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in 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 ~~Applicant~~ Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14. ~~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 (i) empower the ~~Applicant~~Applicants to carry on any business which the ~~Applicant is~~Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

15. ~~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

16. ~~17.~~ **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with any of 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, security services, payroll services, insurance, transportation services, utility or other services to the Business or any of 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 any of the ~~Applicant~~Applicants, and that each of 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 applicable Applicant in accordance with normal payment practices of the ~~Applicant~~applicable Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the applicable Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

17. ~~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

18. ~~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 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.

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).~~

DIRECTORS' AND OFFICERS' INDEMNIFICATION ~~AND CHARGE~~

19. ~~20.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall indemnify ~~its~~their 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, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

~~21. — THIS COURT ORDERS that the directors and officers of the Applicant 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 \$●, as security for the indemnity provided in paragraph [20] of this Order. The Directors' Charge shall have the priority set out in paragraphs [38] and [40] herein.~~

~~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 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 [20] of this Order.~~

APPOINTMENT OF MONITOR

20. ~~23.~~ **THIS COURT ORDERS** that ~~[MONITOR'S NAME]~~BDO Canada Limited 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

⁷The 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.

⁸Section 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.

~~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.

21. ~~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 and its counsel ~~on a [TIME INTERVAL] 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~~Applicants in its 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~~as agreed to by the DIP Lender;
- (e) advise the ~~Applicant~~Applicants in ~~its~~their development of the Plan and any amendments to the Plan;
- (f) assist the ~~Applicant~~Applicants, to the extent required by the ~~Applicant~~Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

- (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;
- (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
- (i) perform such other duties as are required by this Order or by this Court from time to time.

22. ~~25.~~ **THIS COURT ORDERS** that 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, R.S.C. 1985, c. E. 15, the Ontario Cannabis Control Act, 2017, 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.

23. ~~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.

24. ~~27.~~ **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the ~~Applicant~~Applicants and the DIP Lender 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.

25. ~~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.

26. ~~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~~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]~~ weekly 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.~~

27. ~~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.

28. ~~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 \$●, ~~—~~ 250,000 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~~ 35 and ~~40~~ 37 hereof.

DIP FINANCING

29. ~~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]~~ Cardinal Advisory Limited, on behalf of a corporation to be incorporated (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 \$● 500,000 unless permitted by further Order of this Court.

30. ~~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~~Applicants and the DIP Lender dated as of ~~[DATE]~~November 2, 2022 (the "~~Commitment Letter~~DIP Term Sheet"), filed.

31. ~~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**"), as are contemplated by the ~~Commitment Letter~~DIP Term Sheet 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 indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the ~~Commitment Letter~~DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

32. ~~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, 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}~~35 and ~~{40}~~37 hereof.

33. ~~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 ~~•~~seven 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 Term Sheet, 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 Term Sheet, 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.

34. ~~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 ~~Applicant~~Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

35. ~~38.~~ **THIS COURT ORDERS** that the priorities of ~~the Directors' Charge~~, the Administration Charge and the DIP Lender's Charge, as among them, shall be as follows⁹:

First – Administration Charge (to the maximum amount of \$●250,000); and

Second – DIP Lender's Charge; ~~and Third – Directors' Charge~~ (to the maximum amount of \$●500,000).

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.~~

36. ~~39.~~ **THIS COURT ORDERS** that the filing, registration or perfection of ~~the Directors' Charge,~~ the Administration Charge or the DIP Lender's Charge (collectively, the "Charges") shall not be required, and that 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.

37. ~~40.~~ **THIS COURT ORDERS** that ~~each of the Directors' Charge, the Administration Charge and the DIP Lender's Charge~~ subject to the priorities set out in paragraph 35 each of the Charges (all as constituted and defined herein) 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.

38. ~~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, 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, or further Order of this Court.

39. ~~42.~~ **THIS COURT ORDERS** that ~~the Directors' Charge,~~ the Administration Charge, the ~~Commitment Letter~~ DIP Term Sheet, 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~~bind 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~~DIP Term Sheet or the Definitive Documents shall create or be deemed to constitute a breach by the ~~Applicant~~Applicants of any Agreement to which ~~it is~~they 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~~Applicants entering into the ~~Commitment Letter~~DIP Term Sheet, 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 Term Sheet 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.

40. ~~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~~Applicants' interest in such real property leases.

SERVICE AND NOTICE

41. ~~44.~~ **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in ~~[newspapers specified by the Court]~~the Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the ~~Applicant~~Applicants of more than \$1000, and (C) 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.

42. ~~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/>) 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 ~~<@>~~: <https://www.bdo.ca/en-ca/extranets/Cannapiece/>.

43. **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)*.

44. ~~46.~~ **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the ~~Applicant~~ Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the ~~Applicant's~~ Applicants’ creditors or other interested parties at their respective addresses as last shown on the records of the ~~Applicant~~ Applicants 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.

GENERAL

45. ~~47.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

46. ~~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.

47. ~~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 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.

48. ~~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.

49. ~~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.

50. ~~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

Court File No.: CV-22-00689631-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
CANNAPIECE GROUP INC., CANNAPIECE CORP., CANNAPIECE CRAFT GROWERS
CORP., 2666222 ONTARIO LTD., 2580385 ONTARIO INC. AND 2669673 ONTARIO INC.
Applicants

ONTARIO
SUPERIOR COURT OF JUSTICE -
COMMERCIAL LIST

Proceeding commenced at TORONTO

NOTICE OF APPLICATION
(RETURNABLE NOVEMBER 3, 2022)

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Moved to	1
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IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
CANNAPIECE GROUP INC., CANNAPIECE CORP., CANADIAN CRAFT GROWERS CORP.,
2666222 ONTARIO LTD., 2580385 ONTARIO INC. AND 2669673 ONTARIO INC.

Court File No.: CV-22-00689631-00CL

Applicants

**ONTARIO
SUPERIOR COURT OF JUSTICE -
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**APPLICATION RECORD
(RETURNABLE NOVEMBER 3, 2022)**

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