

COURT FILE NUMBER 2301 - 02578

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLANTIFF ENZIO HOLDINGS LTD.

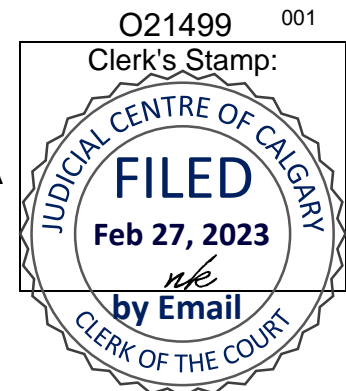
DEFENDANTS CANDRE CANNABIS INC., FRONDIS HOLDINGS LTD.,
CALYPTRA CULTIVATION INC. and JASMINE VENTURES LTD.

DOCUMENT **AFFIDAVIT NO.1 OF SVEINUNG SVARTE**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

Burnet, Duckworth & Palmer LLP
2400, 525 – 8 Avenue SW
Calgary, Alberta T2P 1G1
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File No. 75684-2



COM
March 6, 2023



AFFIDAVIT NO.1 OF SVEINUNG SVARTE

Sworn on February 27, 2023

I, Sveinung Svarte of the City of Calgary, in the Province of Alberta, MAKE OATH
AND SAY THAT:

1. I am the President of and a director of Censeo Capital Ltd. ("**Censeo**"). My wife is a director and is the President of Enzo Holdings Ltd. ("**Enzio**" or the "**Lender**"), the Plaintiff and applicant creditor herein. Censeo manages the assets of Enzo, including the rights and interests at issue in these proceedings as described herein. In addition, Censeo is itself a secured lender to Candre Cannabis Inc. ("**Candre**" or the "**Borrower**"), and as such, I have personal knowledge of the matters deposed to except where stated to be based on information and belief, in which case I verily believe the same to be true.
2. I have reviewed the business records of the Lender relevant to Candre, Frondis Holdings Ltd. ("**Frondis**"), Calyptra Cultivation Inc. ("**Calyptra**"), and Jasmine Ventures Ltd. ("**Jasmine**" and together with Frondis and Calyptra, the "**Guarantors**").

3. I have satisfied myself that I am possessed of sufficient information and knowledge to swear this Affidavit on behalf of the Lender in support of its application seeking, among other relief, the appointment of a receiver and manager over all of the current and future assets, undertakings and property of the Borrower.
4. I am also a director of the Borrower.

The Defendants

5. The Borrower is a corporation incorporated under the laws of Alberta. Candre's registered office is located in Sundre, Alberta. A copy of a Corporation/Non-Profit Search record of the Borrower from the Alberta Corporate Registry is attached hereto and marked as **Exhibit "A"**.
6. The Borrower holds licenses (the "**Cannabis Licenses**") from Health Canada under the *Cannabis Act* and *Cannabis Regulations* (together, the "**Cannabis Act**") and holds supply agreements with, among others, the Alberta Gaming, Liquor and Cannabis Commission and the Ontario Cannabis Retail Corporation.
7. The Defendants Frondis Holdings Ltd. ("**Frondis**"), Calyptra Cultivation Inc. ("**Calyptra**") and Jasmine Ventures Ltd. ("**Jasmine**" and collectively the "**Guarantors**") provided guarantees dated May 11, 2018 in respect of the amounts owing by the Borrower to the Lender (the "**Guarantees**").
8. To the best of the Lender's knowledge, each of the Guarantors is a corporation incorporated under the laws of Alberta with its registered office located in Calgary, Alberta. Copies of Corporation/Non-Profit Search records of the Guarantors from the Alberta Corporate Registry are collectively attached hereto and marked as marked as **Exhibit "B"**.
9. The Guarantors have guaranteed the amounts owing by the Borrower to Enzo.

The Loans and Indebtedness

10. The Lender extended credit facilities and related services to the Borrower (collectively, the "**Loans**") pursuant to, among others, an Amended and Restated Loan Agreement dated November 12, 2019, evidencing a loan in the original principal amount of CAD \$18,600,000, as further amended by:

- (a) a First Letter Amending Agreement, dated June 30, 2020;
 - (b) a Second Letter Amending Agreement, dated December 31, 2020; and
 - (c) a Third Letter Amending Agreement, dated January 1, 2022,
- (collectively, and as amended, the "**Loan Agreements**").
- 11. A copy of the Loan Agreements are attached hereto and marked as **Exhibit "C"**.
 - 12. As at December 31, 2022, the Borrower was indebted to the Lender in the amount of \$23,729,287.56 in connection with funds borrowed pursuant to the Loan Agreements, plus interest and costs, which continue to accrue (the "**Indebtedness**").
 - 13. Copies of payout statements from the Lender evidencing the Indebtedness are attached hereto and collectively marked as **Exhibit "D"**.

The Borrower Security

- 14. The Borrower granted, among others, the following security to the Lender in respect of all of its obligations, indebtedness, and liabilities under the Loans:
 - (a) a General Security Agreement (a "**GSA**") dated May 11, 2018 (as confirmed from time to time);
 - (b) a Share Pledge dated May 11, 2018 in respect of shares held by the Borrower in Calyptra;
 - (c) an Assignment of Material Contracts dated May 11, 2018, as amended by a First Amendment to Assignment of Material Contracts dated November 12, 2019;
 - (d) a Collateral Mortgage in respect of lands (the "**Lands**") legally described as:

PLAN 1810863
BLOCK 3
LOT 8
EXCEPTING THEREOUT ALL MINES AND MINERALS; and
 - (e) a Mortgage in respect of the Lands dated May 10, 2018, as amended by a Mortgage Amending Agreement dated December 31, 2020 and a Mortgage Amending Agreement dated August 30, 2021, originally granted in favour of Strathmore Lakes Estates Ltd. ("**SLE**") as mortgagee, and assigned by SLE (as

assignor) to Enzo (as assignee) pursuant to an Assignment of Indebtedness and Security Agreement dated as of February 3, 2022,

(collectively, the "**Borrower Security**").

15. Copies of the Borrower Security are attached hereto and collectively marked as **Exhibit "E"**.

The Guarantees and the Guarantor Security

16. Each of the Guarantors guaranteed the amounts owing to the Lender under the Loan Agreements pursuant to guarantees dated May 11, 2018 (the "**Guarantees**").

17. Copies of the Guarantees are attached hereto and collectively marked as **Exhibit "F"**.

18. In addition to the Borrower Security, the Guarantors also granted, among others, the following security in favour of the Lender in support of their respective obligations under the Guarantees:

- (a) from Frondis, a Share Pledge dated May 11, 2018, in respect of, among other things, all shares held by Jasmine in the capital stock of the Borrower;
- (b) from Calyptra, a GSA dated May 11, 2018; and
- (c) from Jasmine, a Share Pledge dated May 11, 2018 in respect of, among other things, all shares held by Jasmine in the capital stock of the Borrower,

(collectively, the "**Guarantor Security**" and together with the Borrower Security, the "**Security**").

19. Copies of the Guarantor Security are attached hereto and collectively marked as **Exhibit "G"**.

20. The Lender has perfected its Security by registering its interest in the Alberta Personal Property Registry (the "**PPR**") and the Alberta Land Titles Office (the "**LTO**"). PPR Name Searches for the Borrower and Guarantors are attached hereto and collectively marked as **Exhibit "H"**.

21. A copy of the Certificate of Title to the Lands from the LTO is attached hereto and marked as **Exhibit "I"**.

Defaults and Demand

22. The Borrower has committed certain defaults under the Loan Agreement, including but not limited to the failure to:
- (a) make payments against the Loans as required by the Loan Agreement; and
 - (b) remit amounts owing to Canada Revenue Agency when due,
- (collectively, the "**Defaults**").
23. As a result of the Defaults, on or about January 19, 2023, the Lender issued a notice of default and demand for payment to the Borrower (the "**Borrower Demand**"), and concurrently delivered notice of its intention to enforce the Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) RSC 1985 c B-3 (each, a "**244 Notice**").
24. Also on or about January 19, 2023, the Lender issued notices of default and demands for payment to each of the Guarantors (the "**Guarantor Demands**" and together with the Borrower Demand, the "**Demands**"), together with 244 Notices. Copies of the Demands and 244 Notices are collectively attached and marked **Exhibit "J"**.
25. Despite the Lender's demands for repayment of the Indebtedness, the Borrower and the Guarantors have failed or neglected, and continue to fail or neglect to repay the Indebtedness, and they are default of their obligations under the Loans, the Guarantees and the Security.

Present Circumstances of Candre

26. The cannabis industry in Canada is facing numerous financial and operational challenges, including significant regulatory compliance costs, black market competition, and over supply issues. I am aware of a number of Canadian cannabis companies that have made insolvency filings in the last few years.
27. Recently, Candre has considered making an insolvency filing under the *Companies' Creditors Arrangement Act*, but did not do so as it was unable to secure the necessary interim financing.

28. Candre is not profitable, has not been profitable since its inception and is presently facing a liquidity crisis. Candre is considering drastically downsizing, or even ceasing entirely, its operations to address these issues.
29. Since the legalization of cannabis, the industry has experienced rapid change and faces several challenges, including, among others:
- (a) over-saturation of new entrants and corresponding over-supply of products, resulting in significant competition and price compression;
 - (b) lower-than-expected consumer demand at the retail level, in part due to the persistent illegal cannabis market; and
 - (c) manufacturing and retail challenges due to regulatory delays and COVID-19 pandemic store closures.
30. In addition to amounts owing to suppliers and service providers, I also understand that the Borrower:
- (a) currently owes approximately \$1,000,000 in outstanding taxes in respect of, among others, excise taxes and Goods and Services Tax; and
 - (b) will not have funds available to it to make its payroll obligations to its employees in the near future.

Appointment of Receiver

31. It is a term of the Security that if the Borrower is in default of its obligations to the Lender, the Lender may apply to this Honourable Court for the appointment of a receiver and manger.
32. The Borrower is in default of its obligations to the Lender and the Lender is entitled to apply to this Honourable Court to appoint a receiver and manager.
33. The Lender has lost confidence in the Borrower's management and is entitled to prosecute its legal remedies under the Security. The Lender has the right to appoint or apply to this Honourable Court to appoint a receiver and manager over all of the Borrower's property, assets and undertakings. The Lender wishes to exercise that right at this time.

34. I verily believe that the immediate appointment of a receiver manager of all undertakings, assets and properties of the Borrower is just and convenient, is necessary to protect the Lender's interests, including to preserve the remaining assets and property of the Borrower and to realize on the Security and is in the best interests of the Borrower's stakeholders.
35. I verily believe the Lender's collateral is at risk unless a receiver is immediately appointed. No other viable alternative is presently available to the Lender.
36. I verily believe that Alvarez & Marsal Canada Inc. ("**A&M**") is qualified and prepared to act as receiver or receiver and manager of the Borrower. Attached hereto and marked as **Exhibit "K"** is a true copy of a Consent to Act executed by an authorized representative of A&M.
37. I make this Affidavit in support of the Lender's application to appoint A&M as receiver or receiver and manager of the current and future assets, undertakings, and properties of the Borrower.

SWORN BEFORE ME at the City of Calgary,)
in the Province of Alberta this 27th day of)
February, 2023.)
)
)
)
)
)


A Commissioner for Oaths in and for the
Province of Alberta

David LeGeyt
Barrister & Solicitor


Sveinung Svarte

THIS IS **EXHIBIT "A"** REFERRED TO IN THE
AFFIDAVIT OF SVEINUNG SVARTE.

SWORN BEFORE ME THIS 27TH DAY OF
FEBRUARY, 2023.



A Commissioner for Oaths
in and for the Province of Alberta

David LeGeyt
Barrister & Solicitor

Government of Alberta ■ Corporation/Non-Profit Search

Corporate Registration System

Date of Search: 2023/01/11
Time of Search: 11:12 AM
Search provided by: ELDOR-WAL REGISTRATIONS (1987) LTD
Service Request Number: 38941270
Customer Reference Number:

Corporate Access Number: 2020459562
Business Number: 712105691
Legal Entity Name: CANDRE CANNABIS INC.

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2017/05/25 YYYY/MM/DD

Registered Office:

Street: 819 5 AVE SW
City: SUNDRE
Province: ALBERTA
Postal Code: T0M1X0

Mailing Address:

Post Office Box: PO BOX 12119 RPO COPPERFIELD
City: CALGARY
Province: ALBERTA
Postal Code: T2Z1H4

Email Address: TBURGOS@CANDRECANNABIS.COM

Directors:

Last Name: BEAUDRY
First Name: JESSE
Middle Name: JAMES
Street/Box Number: 501 CHAPARRAL DRIVE SE
City: CALGARY
Province: ALBERTA
Postal Code: T2X3W2

Last Name: CHAMOUN
First Name: JIMMY

Street/Box Number: 117 ELMONT BAY SW

City: CALGARY

Province: ALBERTA

Postal Code: T3H4X8

Last Name: SVARTE

First Name: SVEINUNG

Street/Box Number: 3809 - 4 STREET SW

City: CALGARY

Province: ALBERTA

Postal Code: T2S1Y4

Voting Shareholders:

Legal Entity Name: FRONDIS HOLDINGS LTD.

Corporate Access Number: 2020875668

Street: 2400, 525 - 8 AVENUE SW

City: CALGARY

Province: ALBERTA

Postal Code: T2P1G1

Percent Of Voting Shares: 50

Legal Entity Name: JASMINE VENTURES LTD.

Corporate Access Number: 2012606998

Street: 501 CHAPARRAL DRIVE SE

City: CALGARY

Province: ALBERTA

Postal Code: T2X3W2

Percent Of Voting Shares: 50

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE ATTACHED SCHEDULE

Share Transfers Restrictions: NO SHARES OF THE CAPITAL OF THE CORPORATION SHALL BE TRANSFERRED WITHOUT THE SANCTION OF A MAJORITY OF THE DIRECTORS OF THE CORPORATION AS EVIDENCED BY A RESOLUTION IN WRITING OF THE DIRECTORS.

Min Number Of Directors: 1

Max Number Of Directors: 15

Business Restricted To: NONE

Business Restricted From: NONE

Other Provisions: SEE ATTACHED SCHEDULE "B"

Holding Shares In:

Legal Entity Name
1949780 ALBERTA LTD.
CALYPTRA CULTIVATION INC.
SARUS HOLDINGS INC.

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2021	2021/07/25

Outstanding Returns:

Annual returns are outstanding for the 2022 file year(s).

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2017/05/25	Incorporate Alberta Corporation
2020/02/22	Update BN
2021/03/11	Change Address
2021/07/25	Enter Annual Returns for Alberta and Extra-Provincial Corp.
2021/07/30	Name/Structure Change Alberta Corporation
2021/12/02	Change Director / Shareholder

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2017/05/25
Other Rules or Provisions	ELECTRONIC	2017/05/25

Share Structure	ELECTRONIC	2018/01/11
Consolidation, Split, Exchange	ELECTRONIC	2018/01/11
Shares in Series	ELECTRONIC	2019/11/11
Amendment to a Series of Shares	ELECTRONIC	2021/07/30

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



THIS IS **EXHIBIT "B"** REFERRED TO IN THE
AFFIDAVIT OF SVEINUNG SVARTE.

SWORN BEFORE ME THIS 27TH DAY OF
FEBRUARY, 2023.



A Commissioner for Oaths
in and for the Province of Alberta

David LeGeyt
Barrister & Solicitor

Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2023/01/18
 Time of Search: 01:09 PM
 Search provided by: ELDOR-WAL REGISTRATIONS (1987) LTD
 Service Request Number: 38987460
 Customer Reference Number:

Corporate Access Number: 2020875668
Business Number: 792615130
Legal Entity Name: FRONDIS HOLDINGS LTD.

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2017/12/20 YYYY/MM/DD
Date of Last Status Change: 2020/05/27 YYYY/MM/DD

Registered Office:

Street: 2400, 525 - 8 AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P1G1

Records Address:

Street: 2400, 525 - 8 AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P1G1

Email Address: CORES@BDPLAW.COM

Primary Agent for Service:

Last Name	First Name	Middle Name	Firm Name	Street	City	Province	Postal Code	Email
COX	LINDSAY		BURNET, DUCKWORTH	SUITE 2400, 525 - 8	CALGARY	ALBERTA	T2P1G1	CORES@BI

			& PALMER LLP	AVENUE SW				
--	--	--	-----------------	--------------	--	--	--	--

Directors:

Last Name: SVARTE
First Name: SVEINUNG
Street/Box Number: 3809 - 4 STREET SW
City: CALGARY
Province: ALBERTA
Postal Code: T2S1Y4

Voting Shareholders:

Legal Entity Name: CENSEO CAPITAL CORP.
Corporate Access Number: 2019334057
Street: SUITE 840, 517-10 AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2R0A8
Percent Of Voting Shares: 100

Details From Current Articles:**The information in this legal entity table supersedes equivalent electronic attachments**

Share Structure: SEE SCHEDULE "A" ATTACHED HERETO
Share Transfers Restrictions: SEE SCHEDULE "B" ATTACHED HERETO
Min Number Of Directors: 1
Max Number Of Directors: 11
Business Restricted To: NONE
Business Restricted From: NONE
Other Provisions: SEE SCHEDULE "C" ATTACHED HERETO

Holding Shares In:

Legal Entity Name
CANDRE CANNABIS INC.

Other Information:**Last Annual Return Filed:**

File Year	Date Filed (YYYY/MM/DD)
2021	2021/12/17

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2017/12/20	Incorporate Alberta Corporation
2020/02/02	Status Changed to Start for Failure to File Annual Returns
2020/02/22	Update BN
2020/08/20	Change Director / Shareholder
2021/12/17	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2017/12/20
Restrictions on Share Transfers	ELECTRONIC	2017/12/20
Other Rules or Provisions	ELECTRONIC	2017/12/20

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



Government of Alberta ■ Corporation/Non-Profit Search

Corporate Registration System

Date of Search: 2023/01/11
 Time of Search: 11:13 AM
 Search provided by: ELDOR-WAL REGISTRATIONS (1987) LTD
 Service Request Number: 38941284
 Customer Reference Number:

Corporate Access Number: 2021040262

Business Number:

Legal Entity Name: CALYPTRA CULTIVATION INC.

Legal Entity Status: Active

Alberta Corporation Type: Named Alberta Corporation

Registration Date: 2018/03/08 YYYY/MM/DD

Registered Office:

Street: 2400, 525 - 8TH AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P1G1

Records Address:

Street: 2400, 525 - 8TH AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P1G1

Email Address: CORES@BDPLAW.COM

Primary Agent for Service:

Last Name	First Name	Middle Name	Firm Name	Street	City	Province	Postal Code	Email
COX	LINDSAY		BURNET, DUCKWORTH & PALMER LLP	2400, 525 - 8TH AVENUE SW	CALGARY	ALBERTA	T2P1G1	CORES@BDPLAW.COM

Directors:

Last Name: BEAUDRY
First Name: JESSE

Street/Box Number: 501 CHAPARRAL DRIVE S.E.

City: CALGARY

Province: ALBERTA

Postal Code: T2X3W2

Last Name: SVARTE

First Name: SVEINUNG

Street/Box Number: 3809 - 4 STREET SW

City: CALGARY

Province: ALBERTA

Postal Code: T2S1Y4

Voting Shareholders:

Legal Entity Name: CANDRE CANNABIS INC.

Corporate Access Number: 2020459562

Street: SUITE 840, 517 - 10 AVENUE SW

City: CALGARY

Province: ALBERTA

Postal Code: T2R0A8

Percent Of Voting Shares: 100

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE SCHEDULE "A" ATTACHED HERETO

Share Transfers Restrictions: SEE SCHEDULE "B" ATTACHED HERETO

Min Number Of Directors: 1

Max Number Of Directors: 11

Business Restricted To: NONE

Business Restricted From: NONE

Other Provisions: SEE SCHEDULE "C" ATTACHED HERETO

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2021	2022/01/26

Outstanding Returns:

Annual returns are outstanding for the 2022 file year(s).

019

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2018/03/08	Incorporate Alberta Corporation
2020/08/20	Change Director / Shareholder
2022/01/26	Enter Annual Returns for Alberta and Extra-Provincial Corp.
2022/02/24	Change Agent for Service

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2018/03/08
Restrictions on Share Transfers	ELECTRONIC	2018/03/08
Other Rules or Provisions	ELECTRONIC	2018/03/08

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2023/01/18
Time of Search: 01:09 PM
Search provided by: ELDOR-WAL REGISTRATIONS (1987) LTD
Service Request Number: 38987455
Customer Reference Number:

Corporate Access Number: 2012606998
Business Number: 842311565
Legal Entity Name: JASMINE VENTURES LTD.

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2006/08/10 YYYY/MM/DD
Date of Last Status Change: 2021/01/06 YYYY/MM/DD

Registered Office:

Street: 501 CHAPARRAL DRIVE SE
City: CALGARY
Province: ALBERTA
Postal Code: T2X3W2

Records Address:

Street: 501 CHAPARRAL DRIVE SE
City: CALGARY
Province: ALBERTA
Postal Code: T2X3W2

Email Address: JBEAUDRY@CANDRECANNABIS.COM

Directors:

Last Name: BEAUDRY
First Name: JESSE
Street/Box Number: 501 CHAPARRAL DRIVE SE
City: CALGARY
Province: ALBERTA

Postal Code: T2X3W2

Voting Shareholders:

Last Name: BEAUDRY
First Name: JESSE
Street: 501 CHAPARRAL DRIVE SE
City: CALGARY
Province: ALBERTA
Postal Code: T2X3W2
Percent Of Voting Shares: 100

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE ATTACHED SCHEDULE "A"

Share Transfers Restrictions: NO SHARES OF THE CAPITAL OF THE CORPORATION SHALL BE TRANSFERRED WITHOUT THE SANCTION OF A MAJORITY OF THE DIRECTORS OF THE CORPORATION, AS EVIDENCED BY A RESOLUTION IN WRITING OF THE DIRECTORS.

Min Number Of Directors: 1

Max Number Of Directors: 15

Business Restricted To: NO RESTRICTIONS

Business Restricted From: NO RESTRICTIONS

Other Provisions: SEE ATTACHED SCHEDULE "B"

Holding Shares In:

Legal Entity Name
SANDPIPER DEVELOPMENTS LTD.
CANDRE CANNABIS INC.

Other Information:**Last Annual Return Filed:**

File Year	Date Filed (YYYY/MM/DD)
2021	2021/07/25

Outstanding Returns:

Annual returns are outstanding for the 2022 file year(s).

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2006/08/10	Incorporate Alberta Corporation
2017/06/22	Change Director / Shareholder
2020/02/19	Update BN
2020/10/02	Status Changed to Start for Failure to File Annual Returns
2021/07/25	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2006/08/10
Other Rules or Provisions	ELECTRONIC	2006/08/10

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



THIS IS **EXHIBIT "C"** REFERRED TO IN THE
AFFIDAVIT OF SVEINUNG SVARTE.

SWORN BEFORE ME THIS 27TH DAY OF
FEBRUARY, 2023.



A Commissioner for Oaths
in and for the Province of Alberta

David LeGeyt
Barrister & Solicitor

**CDN. \$18,600,000
TERM CREDIT FACILITY**

AMENDED AND RESTATED LOAN AGREEMENT

BETWEEN:

**CANDRE CANNABIS INC.
(as Borrower)**

- and -

**ENZIO HOLDINGS LTD.
(as Lender)**

Dated November 12, 2019

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THIS AMENDED AND RESTATED LOAN AGREEMENT is dated as of November 12, 2019.

BETWEEN:

CANDRE CANNABIS INC., as Borrower

AND:

ENZIO HOLDINGS LTD., as Lender

WHEREAS the Borrower and the Lender are parties to the Existing Loan Agreement;

AND WHEREAS the entire Tranche II Principal Sum (as defined in the Existing Loan Agreement) has been converted into Shares and the Borrower and the Lender have agreed to pay all Tranche II Interest (as defined in the Existing Loan Agreement) in the form of Shares (collectively, the "**Tranche II Conversion**");

AND WHEREAS the Borrower and the Lender wish to amend and restate the Existing Loan Agreement to reflect the Tranche II Conversion and to provide for certain additional amendments thereto, on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the premises, the covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals and the Schedules hereto and in all notices pursuant to this Agreement, unless something in the subject matter or context is inconsistent therewith, the following words and phrases shall have the following meanings:

"Acceleration Notice" means a written notice delivered by the Lender to the Borrower pursuant to Section 9.2 declaring all indebtedness and liabilities of the Borrower outstanding to the Lender hereunder to be due and payable;

"Affiliate" has the meaning ascribed thereto in Section 2(1) of the *Business Corporations Act* (Alberta);

"Agreement" means this amended and restated loan agreement, all Schedules attached hereto and any future amendments, amendments and restatements, replacements or supplements hereto or thereto, and includes, for certainty, the Consent and Acknowledgement attached hereto;

"Applicable Law" means, in relation to any Person, property, transaction or event, all applicable provisions (or mandatory applicable provisions, if so specified) of federal, provincial, state, local or municipal laws, statutes, rules, regulations, official directives and orders of all Governmental Authorities and Governmental Actions in actions or proceedings in which the Person in question is a party or by which it is bound or having application to the Person, property, transaction or event;

"Asset Purchase" means any purchase, lease or other acquisition of the right to own, use or lease any assets (including by means of an amalgamation, plan of arrangement, merger or consolidation) having a fair market value or for an amount in excess of Cdn. \$100,000 individually or Cdn. \$200,000 in the aggregate in any 12 month period (calculated in the case of a lease, based on the entire term of the lease, not including any option term), except for: (a) purchases of inventory or supplies in the Ordinary Course; and (b) purchases made by a Loan Party from another Loan Party;

"Asset Sale" means any sale, issuance, conveyance, transfer, lease, assignment or other disposition by any Loan Party to any Person that is not a Loan Party (including by means of an amalgamation, plan of arrangement, merger or consolidation) of any assets having a fair market value or for an amount in excess of Cdn. \$100,000 individually or Cdn. \$200,000 in the aggregate for all Loan Parties in any 12 month period (calculated in the case of a lease, based on the entire term of the lease, not including any option term), except for sales of inventory in the Ordinary Course;

"Borrower" means Candre Cannabis Inc. and its successors and permitted assigns;

"Business Day" means a day, excluding Saturday and Sunday, on which banking institutions are open for the transaction of commercial business in Calgary, Alberta;

"Calyptra" means Calyptra Cultivation Inc., a corporation incorporated under the laws of the Province of Alberta;

"Canadian Dollars", "Cdn. Dollars" and the symbols **"Cdn. \$"** and **"\$"** each mean lawful money of Canada;

"Default" means an event which, with notice, lapse of time, or both, would constitute an Event of Default;

"Default Notice" has the meaning ascribed thereto in Section 8.1(i);

"Distribution" means:

- (a) any payment or setting aside for payment of any dividend, return of capital or other distribution on or in respect of any of the shares or units in the capital of any Loan Party;
- (b) any redemption, retraction, purchase, retirement or other acquisition, in whole or in part, of any of the shares or units in the capital of any Loan Party or any securities, instruments or contractual rights capable of being converted into, exchanged or exercised for shares or units in the capital of any Loan Party, including options, warrants, conversion or exchange privileges and similar rights;
- (c) the payment of any principal, interest, fees, redemption amounts or other amounts on or in respect of any loans, advances or other Financial Indebtedness owing at any time by any Loan Party to a holder of shares or units in the capital of such Loan Party or any partner, director, officer or employee of such Loan Party or such holder, or any other Affiliate of such holder; or
- (d) any loan, advance, payment of management or consulting fees or reimbursement of costs which is made by the Person to or in favour of a holder of shares or units in the capital of any Loan Party or any partner, director, officer or employee of any Loan Party or such holder, or any other Affiliate of such holder;

whether, in each case, made, paid or satisfied in or for cash, property or both;

"Effective Date" means the date on which the conditions precedent under Section 7.1 have been satisfied;

"Environmental Laws" means all Applicable Laws relating to the environment, including all Applicable Laws relating to the Release or threatened Release of any materials into the environment or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemicals, industrial substances, toxic substances, hazardous substances or wastes;

"Event of Default" means any of the events or circumstances specified in Section 9.1 hereof and **"Event of Default"** means any one of them;

"Existing Loan Agreement" means the amended and restated loan agreement between the Borrower, as borrower, and the Lender, as lender, dated October 1, 2019;

"Financial Indebtedness" of any Person at any date means, without duplication, all Indebtedness of such Person: (i) for borrowed money (whether or not the recourse of the lender is to the whole of the assets of such Person or only to a portion thereof); (ii) evidenced by bonds, debentures, notes or other similar instruments; (iii) in respect of financial letters of credit or other similar instruments (or reimbursement obligations with respect thereto); (iv) to pay the deferred and unpaid purchase price of property or services except for trade payables and accrued expenses incurred by such Person in the Ordinary Course in connection with obtaining goods, materials or services; (v) in respect of leases of such Person that are required to be shown as a liability on the financial statements of such Person prepared in accordance with GAAP but excluding for certainty, operating leases; (vi) secured by a Security Interest on any asset of such Person, whether or not such Indebtedness is assumed by such Person; (vii) under conditional sale or other title retention agreements (other than operating leases) relating to assets purchased by such Person; (viii) in respect of redemption obligations with respect to any shares of any other Person which are (I) redeemable, retractable, payable or required to be purchased or otherwise retired or extinguished, or convertible into debt of such Person in any case, prior to the end of the Maturity Date (A) at a fixed or determinable date, (B) at the option of any holder thereof, or (C) upon the occurrence of a condition not solely within the control and discretion of such Person; or (II) convertible into any other shares or units described in (I) above; and (ix) all Indebtedness of the type referred to in any of the foregoing sub-clauses (i) to (viii) of any other Person for which such first mentioned Person is liable. Notwithstanding the foregoing, the following shall not be considered Financial Indebtedness: (i) earn-outs or similar profit sharing arrangements provided for in acquisition agreements which are determined on the basis of future operating earnings or other similar performance criteria (which are not determinable at the time of acquisition) of the acquired assets or entities; (ii) accrued expenses, trade payables, customer deposits or deferred income taxes arising in the Ordinary Course; (iii) Indebtedness secured by a Permitted Encumbrance; and (iv) Intercompany Indebtedness. Any Indebtedness which is incurred at a discount to the principal amount at maturity thereof shall be deemed to have been incurred at the full principal amount at maturity thereof;

"GAAP" means generally accepted accounting principles which are in effect from time to time in Canada;

"Governmental Action" means an authorization, consent, approval, waiver, order, decree, licence, exemption, permit, registration, filing, qualification or declaration of or with any Governmental Authority (other than routine reporting requirements) or the giving of notice to any Governmental Authority or any other action in respect of a Governmental Authority;

"Governmental Authority" means any federal, state, provincial, county, local or municipal government; any governmental body, agency, authority, board, bureau, department or commission (including any taxing authority); any instrumentality or office of any of the foregoing (including any court or tribunal) exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government; or any Person directly or indirectly controlled by any of the foregoing;

"GSA" has the meaning ascribed thereto in Section 6.1(a);

"GSA Confirmation" means a confirmation substantially in the form set forth in Schedule "D" hereto relating to the grant of Security Interests over growing crops of each Loan Party;

"Guarantor" means each Subsidiary of a Loan Party that has executed and delivered in favour of the Lender a guarantee, a GSA and any other Security Documents required by the Lender, in accordance with Section 6.1 or 6.4 hereof (as applicable), but shall exclude, for greater certainty, any shareholder of the Borrower which has provided a limited recourse guarantee pursuant to Section 6.1(e) and Queen of Bud;

"Indebtedness" means all present and future obligations, indebtedness, liabilities, covenants, agreements and undertakings of a Person howsoever arising, whether direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred, including all future advances and re-advances, and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether such Person be bound alone or with others and whether as principal or surety, including all interest, fees, expenses, indemnities and costs;

"Initial Date" means May 11, 2018;

"Initial Principal Repayment Date" means March 31, 2021;

"Intercompany Indebtedness" means Indebtedness as between a Loan Party and another Loan Party;

"Intercreditor Agreement" means the intercreditor agreement to be entered into among the Lender, the Senior Lender and the Loan Parties, on terms satisfactory to the Lender, acting reasonably;

"Lands" means those lands located in the Town of Sundre, Alberta, legally described as Plan 1810863, Block 3, Lot 8;

"Lender" means Enzo Holdings Ltd. and its successors and permitted assigns;

"Loan" means the loans and advances provided by the Lender to the Borrower hereunder, in an aggregate principal amount of Cdn. \$18,600,000, subject to the terms and conditions of this Agreement;

"Loan Documents" means this Agreement, each of the Security Documents, all other agreements, certificates, instruments and documents delivered by or on behalf of any Loan Party in connection herewith or therewith from time to time and all future renewals, extensions, or restatements of, or amendments, modifications or supplements to, all or any part of the foregoing;

"Loan Parties" means, collectively, the Borrower and the Guarantors, and **"Loan Party"** means any one of them;

"Material Adverse Effect" means any event, circumstance, occurrence or change which would reasonably be expected to:

- (a) impair in any material manner the ability of any Loan Party to perform any material obligation under this Agreement or any other Loan Document; or
- (b) be material and adverse to the business, operations, assets, condition (financial or otherwise), properties, capital, prospects or results of the operations of the Loan Parties, taken as a whole;

"Material Project Contracts" means, collectively, all agreements, documents and instruments now existing or from time to time entered into in the future which are material to the construction, development, operation, use, financing or ownership of the Project, which shall include, without limitation, the following:

- (a) all contracts or subcontracts relating to construction which involve aggregate payments in excess of Cdn. \$250,000;
- (b) any contract having a term of more than one year or which contemplates payment in excess of Cdn. \$250,000 per annum; and
- (c) any other agreements which may be deemed to be material in the reasonable opinion of the Lender;

"Maturity Date" means December 31, 2025;

"Merger Transaction" means any transaction of merger, amalgamation, consolidation, winding-up, plan of arrangement, reorganization or reconstruction with any Person (other than any such transaction solely between Loan Parties) or any transaction by way of transfer, liquidation, sale, lease, disposition or otherwise whereby all or substantially all of the undertaking, property or assets of any Loan Party would become the property of any other Person that is not a Loan Party;

"Obligations" means any and all Indebtedness of the Borrower to the Lender under or pursuant to each Loan Document to which it is a party, including, without limitation, the Principal Sum, all interest thereon and all other fees due hereunder and under any other Loan Document;

"Ordinary Course" means any transaction that constitutes an ordinary day-to-day business activity of the applicable Loan Party conducted in a manner consistent with such Loan Party's past practice;

"Payment Dates" means March 31, June 30, September 30 and December 31 in each year, and **"Payment Date"** means any of them;

"Permitted Encumbrances" means those items set forth in Schedule "A" hereto;

"Permitted Senior Indebtedness" means, collectively (but without duplication), the aggregate amount of Financial Indebtedness (direct or indirect) arising under the terms of the Senior Credit Agreement or any guarantee granted in respect thereof, subject at all times to the terms of the Intercreditor Agreement;

"Person" means any individual, firm, partnership, limited partnership, trust company, corporation or other body corporate, government, governmental body, agency, instrumentality, unincorporated body of persons or association;

"Principal Sum" means Cdn. \$18,600,000 or such lesser principal amount as is owing under the Loan from time to time;

"Project" has the meaning ascribed thereto in Section 3.3 hereof;

"Project Budget" means the detailed budget for the completion of the Project in an aggregate amount of \$26,850,164, as more particularly set forth in Schedule "B" hereto (as such budget may be updated or revised from time to time in accordance with the terms hereof), broken down into hard and soft costs and otherwise in form and substance satisfactory to the Lender, acting reasonably;

"Project Plans" means the plans, specifications and construction schedules relating to the Project, as more particularly set forth in Schedule "C" hereto, as such plans, specifications and construction schedules may be updated or revised from time to time in accordance with the terms hereof;

"Purchase and Sale Agreement" means the agreement of purchase and sale dated May 7, 2018 from the Borrower, as purchaser, and accepted by the VTB Holder, as seller, on May 9, 2018, as amended by an agreement dated May 9, 2018;

"Queen of Bud" means 1949780 Alberta Ltd., a corporation existing under the laws of the Province of Alberta, operating as Queen of Bud;

"Queen of Bud Acquisition" means the acquisition by the Borrower of 51% of the issued and outstanding voting shares in Queen of Bud on terms satisfactory to the Lender, acting reasonably;

"Release" means any material release, spill, emission, leaking, pumping, pouring, injection, escaping, deposit, disposal, discharge, leeching or migration of any element or compound in or into the indoor or outdoor environment (including the abandonment or disposal of any barrels, tanks, containers or receptacles containing any contaminant), or in, into or out of any vessel or facility, including the movement of any contaminant through the air, soil, subsoil, surface, water, groundwater, rock formation or otherwise;

"securities" has the meaning ascribed thereto in the *Securities Act* (Alberta);

"Security Documents" has the meaning ascribed thereto in Section 6.1 hereof;

"Security Interest" means any assignment, mortgage, charge, pledge, lien, hypothec, encumbrance, security interest or insurance securing or in effect securing any obligation, conditional sale or title retention agreement, contractual deposit, trust deposit, escrow arrangement or other preferential arrangement whatsoever, howsoever created or arising, whether absolute or contingent, fixed or floating, legal or equitable, perfected or not, and includes the rights of a lessor pursuant to an operating lease, capitalized lease or sale-leaseback arrangement, any right of set-off and any guarantees or indemnities;

"Senior Credit Agreement" means the commitment letter, loan agreement, credit agreement or other similar agreement entered into by the Borrower with the Senior Lender;

"Senior Documents" means, collectively, the Senior Credit Agreement, all guarantees provided in connection therewith, all documents providing a Security Interest in favour of the Senior Lender and all other agreements, instruments and other documents governing or relating thereto as permitted hereunder and under the Intercreditor Agreement; and **"Senior Document"** means any of them;

"Senior Lender" means ATB Financial or such other lender or financial institution acceptable to the Lender;

"Shares" means fully paid and non assessable Series I Preferred Shares of the Borrower;

"**Subsidiary**" has the meaning ascribed thereto in the *Securities Act* (Alberta);

"**Tax**" or "**Taxes**" means all present and future taxes, rates, levies, imposts, assessments, dues, government fees, stamp taxes, deductions, charges or withholdings, and all liabilities with respect thereto, and any interest, additions to tax and penalties imposed with respect thereto, excluding, with respect to the Lender, taxes (including sales, use or goods and services tax) imposed on its income (including, without limiting the generality of the foregoing, taxes imposed under the *Income Tax Act* (Canada)), purchases or capital and franchise taxes imposed on it by any taxation authority;

"**Tax Returns**" means all returns, reports, declarations, elections, filings, information returns and statements required to be prepared or filed in respect of Taxes;

"**VTB Financing**" means the vendor take-back financing provided by the VTB Holder to the Borrower in the maximum aggregate principal amount of Cdn. \$600,000; and

"**VTB Holder**" means Strathmore Lakes Estates Ltd. and its successors.

1.2 Headings and Table of Contents

The headings, the table of contents and the Article and Section titles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 References

Unless something in the subject matter or context is inconsistent therewith, all references to Sections, Articles and Schedules are to Sections and Articles of and Schedules to this Agreement. The words "hereto", "herein", "hereof", "hereunder" and similar expressions mean and refer to this Agreement.

1.4 Rules of Interpretation

In this Agreement, unless otherwise specifically provided:

- (a) the singular includes the plural and vice versa, "month" means calendar month, "quarter" means calendar quarter, "year" means calendar year, and "in writing" or "written" includes printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception, including facsimile;
- (b) references to any agreement, contract, document or other instrument means a reference to any such agreement, contract, document or other instrument as the same has been or may be amended, modified, supplemented or restated from time to time; provided that, if consent to any such amendment, modification, supplement or restatement is required under any Loan Document, such consent must have been obtained; and
- (c) references to any statute, act, regulation or other legislative enactment shall be to such statute, act, regulation or other legislative enactment as amended from time to time or replaced by a statute, act or other legislative enactment dealing with substantially the same subject matter as the statute, act or other legislative enactment so replaced.

1.5 Time

Unless otherwise provided herein, all references to a time in this Agreement shall mean local time in the city of Calgary, Alberta.

1.6 Payment for Value

All payments required to be made hereunder shall be made for value on the required day in same day immediately available funds.

1.7 Monetary References

Whenever an amount of money is referred to herein, such amount shall, unless otherwise expressly stated, be in Canadian Dollars.

ARTICLE 2 REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties

The Borrower represents and warrants to the Lender (all of which representations and warranties the Borrower hereby acknowledges are being relied upon by the Lender in entering into this Agreement) that:

- (a) **Existence, Power, Authorization and Execution:** (i) each Loan Party is validly existing under the laws of the Province of Alberta; (ii) each Loan Party has full corporate or partnership (as applicable) capacity, power and authority to carry on its business, as now conducted and as presently proposed to be conducted, and to execute and deliver each Loan Document to which it is a party and to perform its obligations thereunder; (iii) the execution, delivery and performance by or on behalf of each Loan Party of each Loan Document to which it is a party have been duly authorized by all necessary action by or on behalf of such Loan Party; and (iv) each Loan Party has duly executed and delivered each Loan Document to which it is a party;
- (b) **Binding Obligations:** each Loan Document is a legal, valid and binding obligation of each Loan Party that is a party thereto, enforceable against each such Loan Party in accordance with its terms, except as enforceability may be limited by general principles of equity and by Applicable Laws regarding bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by moratorium laws from time to time in effect;
- (c) **No Legal Bar or Resultant Lien re: Loan Documents:** the execution, delivery and performance by each Loan Party of each Loan Document to which it is a party does not and will not:
 - (i) contravene, violate or result in a breach of such Loan Party's articles of incorporation, articles of amalgamation, articles of continuance, by-laws, limited partnership agreement, partnership agreement or other constating documents (as applicable) or any shareholders' agreement or unitholders' agreement (or other similar agreement) relating to such Loan Party;
 - (ii) contravene, violate, result in a breach of or constitute a default or require any consent under any contract or agreement to which it is a party or by which it or its property or

assets may be bound or affected, including, without limitation, any Senior Document, any documentation entered into by any Loan Party in connection with the VTB Financing or any Material Project Contract;

- (iii) contravene, violate or result in a breach of any presently existing provision of Applicable Law or any Governmental Action applicable to it or any of its property and assets;
 - (iv) contravene, violate or result in a breach of any resolution of any Loan Party's directors, partners, officers or any committee thereof (as applicable), in each case, the contravention of which would have or would reasonably be expected to have a Material Adverse Effect; or
 - (v) require any Governmental Action, licence, consent or approval of or notice to or filing with any Governmental Authority (other than registration of the Security Interests created by the Security Documents);
- (d) **Events of Default:** no Default or Event of Default has occurred and is continuing;
- (e) **Material Adverse Effect:** since the date of its incorporation, amalgamation, continuance or formation (as applicable): (i) there has been no event, occurrence or development that individually or in the aggregate has had or that would reasonably be expected to result in a Material Adverse Effect in respect of any Loan Party; (ii) no Loan Party has altered its method of accounting; and (iii) no Loan Party has declared or made any dividend or distribution of cash or other property to its shareholders or unitholders or purchased, redeemed or made any agreements to purchase or redeem any shares or units in the capital of such Loan Party other than pursuant to the terms of the Shares;
- (f) **Relevant Jurisdictions:** the Province of Alberta is the only jurisdiction in which the Loan Parties currently carry on business;
- (g) **Subsidiaries:** as of the Effective Date, the Borrower has no Subsidiaries other than Calyptra, and the Borrower does not own, and does not have any agreements to acquire, directly or indirectly, any securities issued by, or any equity or ownership interest in, any Person other than Calyptra and Queen of Bud. As of the Effective Date, Calyptra does not have any Subsidiaries and does not have any agreements to acquire, directly or indirectly, any securities issued by, or any equity or ownership interest in, any Person;
- (h) **Books of Account:** the books of account and other records of the Loan Parties, whether of a financial or accounting nature or otherwise, have been maintained in accordance with prudent business practices;
- (i) **Filings with Governmental Authorities:** all filings made by the Loan Parties with Governmental Authorities have been made in accordance, in all material respects, with all Applicable Laws and contain no material misrepresentations;
- (j) **Governmental Actions:** each Loan Party has applied for or is currently in the process of applying for all such permits, certificates, licenses, approvals, consents and other Governmental Actions issued by the appropriate Governmental Authority necessary to conduct the business, affairs and operations as now conducted by such Loan Party and proposed or contemplated in the Loan Documents to be conducted by such Loan Party;

- (k) **Environmental Laws:** no Loan Party is in violation of or has violated any Environmental Laws in any material respect, nor, as of the Effective Date, has any Loan Party received any demands or notices from any Governmental Authority alleging any breach of any Environmental Laws, nor to the knowledge of any Loan Party, is there any basis upon which such demand or notice could be issued;
- (l) **Tax Returns:** no Loan Party has been required to file any Tax Returns. All Taxes due and payable by the Loan Parties have been paid or will be paid prior to the time they become delinquent unless being contested by the applicable Loan Party in good faith. There are no audits, proceedings, investigations, assessments, reassessments, suits or claims now subsisting against any Loan Party in respect of Taxes paid or payable and, to the knowledge of the Loan Parties, there are no audits, proceedings, investigations, assessments, reassessments, suits or claims pending or threatened against any Loan Party in respect of Taxes. None of the Loan Parties is a party to any tax sharing, tax indemnity or tax allocation agreement or arrangement;
- (m) **Intellectual Property:** no Loan Party owns any Intellectual Property necessary for the operation, conduct or maintenance of the business of such Loan Party, as it is currently operated, conducted or maintained other than its corporate logo; and
- (n) **Actions:** there is no action, suit or proceeding, to the knowledge of any Loan Party, pending or threatened against or affecting such Loan Party or any of its properties nor, to the knowledge of the Loan Parties, is there any basis on which any such action, suit or proceeding could reasonably be expected to be made against any Loan Party, nor are there any unsatisfied judgments against any Loan Party or any consent decrees or injunctions to which any Loan Party is subject and which, if determined adversely, would have or would reasonably be expected to have a Material Adverse Effect.

ARTICLE 3 THE LOAN

3.1 Amendment and Restatement

Relying on each of the representations and warranties set out in Article 2 and subject to the terms and conditions of this Agreement, the Lender and the Borrower agree that, effective on the Effective Date:

- (a) the Existing Loan Agreement shall be amended and restated in its entirety and shall be on the terms and conditions and in the form of this Agreement and all Indebtedness of the Borrower to the Lender in respect of the "Tranche I Loan" under the Existing Loan Agreement (including, for greater certainty, all accrued and unpaid interest thereon and fees thereon or accrued thereunder) shall be construed as Indebtedness of the Borrower to the Lender in respect of the Loan under this Agreement; and
- (b) the Borrower and the Lender shall have no further rights or obligations to each other under the Existing Loan Agreement as it exists immediately prior to the amendment and restatement effected hereby, except, to the extent continued hereunder, for any accrued, but unpaid, interest on any advances made in respect of the "Tranche I Loan" under the Existing Loan Agreement and other fees thereunder, up to but not including the Effective Date.

3.2 Establishment of the Loan

The Lender and the Borrower hereby confirm, acknowledge and agree that the entire Principal Sum under the Loan has been advanced and that no further amounts are available to the Borrower. The Loan constitutes a committed term facility, as detailed herein.

3.3 Purpose

The Loan shall be used by the Borrower to: (a) complete the acquisition of the Lands pursuant to the Purchase and Sale Agreement, (b) finance the construction of a facility on the Lands for the legal production of medicinal and recreational cannabis thereon by the Borrower, including, without limitation, increases in the Project Budget after the Initial Date, and (c) finance a portion of the Borrower's initial operation of its medicinal and recreational cannabis business (collectively, the "Project").

3.4 Evidence of Indebtedness

The Lender shall maintain records on the books of the Lender evidencing the Loan and other amounts owing by the Borrower to the Lender under this Agreement. The records of the Lender so kept shall constitute, in the absence of manifest error, prima facie evidence of the Indebtedness of the Borrower to the Lender pursuant to this Agreement and of the amounts the Borrower has paid from time to time on account of the principal and interest on the Loan and other amounts owing hereunder.

ARTICLE 4 INTEREST AND FEES

4.1 Interest on the Loan

The Borrower shall pay interest in Canadian Dollars on the Principal Sum at the rate of 10.00% per annum, compounded quarterly. Such interest shall accrue daily, commencing on October 1, 2019, until the full repayment of the Loan, and be payable quarterly, in arrears, in accordance with Section 5.1(a), commencing on the Initial Principal Repayment Date and on each Payment Date thereafter.

4.2 Interest on Overdue Amounts

In the event that any amount due hereunder (including, without limitation, any interest payment) is not paid when due (whether by acceleration or otherwise), the Borrower shall and hereby agrees to pay to the Lender interest on such unpaid amount (including, without limitation, interest on interest), if and to the fullest extent permitted by Applicable Law, from the date that such amount is due until the date that such amount is paid in full (but excluding the date of such payment if the payment is made before 11:00 a.m. Calgary time), and such interest shall accrue daily, be calculated and compounded on the last Business Day of each calendar month on demand, as well after as before maturity, default and judgment, at a rate equal to 10% per annum.

4.3 Maximum Rate Permitted by Law

No interest or fee to be paid hereunder shall be paid at a rate exceeding the maximum rate permitted by Applicable Law. In the event any such interest or fee exceeds such maximum rate, such interest or fee shall be reduced or refunded, as the case may be, so as to be payable at the highest rate recoverable under Applicable Law.

4.4 Interest Generally

Interest in accordance with the foregoing provisions of this Article 4 is to be calculated on the basis of a calendar year of three hundred and sixty-five (365) days. The theory of deemed reinvestment shall not apply to the calculation of interest or payment of fees or other amounts hereunder, notwithstanding anything contained in this Agreement or in any other Loan Document now or hereafter granted to or taken by the Lender and all interest and fees payable by the Borrower to the Lender shall accrue from day to day and be calculated daily as described herein in accordance with the "nominal rate" method of interest calculation. The Borrower hereby waives, to the fullest extent it may do so under Applicable Law, any provisions of Applicable Law, including specifically the *Interest Act* (Canada) and the *Judgment Interest Act* (Alberta), which may be inconsistent with this Agreement.

ARTICLE 5 REPAYMENT OF LOAN AND TAXES

5.1 Repayment of Loan

- (a) **Blended Payments:** Commencing on the Initial Principal Repayment Date and on each successive Payment Date thereafter, the Borrower shall make consecutive blended equal quarterly payments of the Principal Sum and all accrued interest thereon, each in the amount of Cdn. \$1,349,500.00, such payments to be applied at the Lender's option firstly to accrued interest and secondly to the Principal Sum, with the outstanding balance under the Loan being due and payable in full on the Maturity Date. Payment amounts under the Loan are, if necessary, subject to adjustment by the Lender on notice to the Borrower to ensure that equal blended quarterly payments are each maintained.
- (b) **Payments on Maturity:** On the Maturity Date, the Borrower shall repay the balance of the Principal Sum, all accrued and unpaid interest thereon and all other amounts then outstanding hereunder to the Lender.

5.2 Prepayment

At any time prior to the Maturity Date, the Borrower may prepay all or a portion of the Principal Sum, together with all accrued and unpaid interest thereon and all fees hereunder, provided that: (a) the Lender shall have received prior written notice from the Borrower of at least ten (10) Business Days prior to such prepayment, and (b) concurrently with any such prepayment, the Borrower shall pay to the Lender a repayment fee equal to five percent (5.0%) of the Principal Sum being prepaid, which the Lender and the Borrower agree is a genuine pre-estimate of damages and not a penalty. Repayments of portions of the Principal Sum shall each be in minimum amounts of Cdn. \$1,000 or whole multiples of Cdn. \$1,000 in excess thereof.

5.3 Time, Place and Currency of Payment

Payments of principal, interest, fees and all other amounts payable by the Borrower pursuant to this Agreement shall be paid Canadian Dollars for value at or before 11:00 a.m. (Calgary time) on the day such payment is due. If any such day is not a Business Day, such amount shall be deemed for all purposes of this Agreement to be due on the Business Day next following such day and any such extension of time shall be included in the computation of the payment of any interest or fees payable under this Agreement.

5.4 Taxes

The Borrower shall make all payments to the Lender without set-off or counterclaim, free and clear of, and without deduction for or on account of, any Tax. If any Tax is deducted or withheld from any payments, the Borrower shall promptly remit to the Lender the equivalent of the amounts so deducted or withheld together with the relevant official receipts or other evidence satisfactory to the Lender evidencing payment to the appropriate taxing authority of each such Tax by the Borrower on behalf of the Lender.

ARTICLE 6 SECURITY DOCUMENTS

6.1 Security Documents

The following secure the due repayment and satisfaction in full of all indebtedness, liabilities and obligations of the Loan Parties owing to the Lender from time to time, including due performance, payment and satisfaction of all Obligations under this Agreement and the other Loan Documents (collectively, the "**Security Documents**"):

- (a) a general security agreement (each a "**GSA**") from each Loan Party with respect to all of its present and after-acquired personal property, with a floating charge on all real property of such Loan Party;
- (b) a guarantee from each direct or indirect Subsidiary of the Borrower other than Queen of Bud, pursuant to which such Subsidiary guarantees the payment and performance of all Obligations of the Borrower under this Agreement and the other Loan Documents;
- (c) a pledge by each Loan Party of all shares, units or other similar ownership interests held by it in each of its Subsidiaries other than Queen of Bud;
- (d) a collateral mortgage in the principal amount of Cdn. \$25,000,000 from the Borrower with respect to the Lands;
- (e) a limited recourse guarantee from each holder of voting shares in the Borrower, other than the Lender, supported by a share pledge from such shareholder providing a Security Interest in favour of the Lender over all shares held by such shareholder in the Borrower;
- (f) an assignment of Material Project Contracts from each Loan Party;
- (g) a certificate of insurance evidencing commercial general liability coverage, addressed to the Lender, as additional insured and mortgagee; and
- (h) all other assignments, mortgages, charges, pledges, guarantees, debentures and other security agreements, consents and acknowledgments (including negative pledges) from time to time as the Lender may reasonably require.

6.2 Continuing Security

The Security Documents shall for all purposes be treated as separate and continuing security and shall be deemed to have been given in addition to and not in place of any other security now held or hereafter acquired by the Lender. No item or part of any Security Document shall be merged or be

deemed to have been merged in or by any simple contract, debt or any judgment, and any realization of or steps taken pursuant to any Security Document shall be independent of and not create a merger with any other right available to the Lender under this Agreement, any other Security Document or any other Loan Document held by the Lender at law or in equity.

6.3 Dealing with Security Documents

The Lender may grant extensions of time or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Loan Parties and other Persons, sureties or securities as the Lender may in its sole discretion see fit, and the Lender may, subject to the provisions hereof, apply all moneys received from the Borrower, any other Loan Party and other Persons, or from sureties or securities, to such part of the Obligations as the Lender may think best, all without prejudice to or in any way limiting the liability of each Loan Party under any of the Loan Documents to which it is a party.

6.4 Other Security

Within ten (10) Business Days of the Borrower acquiring or forming, directly or indirectly, any Subsidiary (other than, for greater certainty, Queen of Bud), the Borrower shall cause such new Subsidiary to execute and deliver to the Lender the Security Documents referenced in Sections 6.1(a) and 6.1(b) above, and such other Security Documents as reasonably required by the Lender, all in form and substance satisfactory to the Lender.

6.5 Further Assurances

The Borrower, on behalf of itself and the other Loan Parties, covenants and agrees that it will at all times do, execute, file, register, acknowledge and deliver or cause to be done, executed, filed, registered, acknowledged and delivered, at its expense, all such further acts, deeds, mortgages, hypothecs, caveats, transfers, assignments and assurances as the Lender may reasonably require in respect of registering the Security Interests created by the Security Documents pursuant to Applicable Law in any jurisdiction. Without limiting the generality of the foregoing, the Borrower hereby covenants and agrees that: (a) it will execute and deliver or cause to be executed and delivered a renewal, amendment or amendment and restatement of each applicable GSA on an annual basis in accordance with section 13(2)(a) of the *Personal Property Security Act* (Alberta), together with such other documents as reasonably requested by the Lender in connection therewith, in each case in form and substance satisfactory to the Lender; and (b) upon the entering into of any new Material Project Contract, it will use commercially reasonable efforts to provide or cause to be provided to the Lender all necessary assignments and acknowledgements or consents from counterparties to each new Material Project Contract assigned by the applicable Loan Party pursuant to an assignment agreement in favour of the Lender, all in form and substance satisfactory to the Lender, acting reasonably.

ARTICLE 7 CONDITIONS PRECEDENT

7.1 Effectiveness and Conditions Precedent

This Agreement shall become effective at such time as the following conditions precedent have been satisfied:

- (a) **No Default or Event of Default:** as of such time, there exists no Default or Event of Default;

- (b) **Representations and Warranties True:** the representations and warranties contained in Article 2 are true and correct as of such time; and
- (c) **Receipt of Documentation:**
 - (i) the Lender has received, in form and substance satisfactory to it:
 - (A) a duly executed copy of this Agreement (including, for greater certainty, the Consent and Acknowledgement attached hereto); and
 - (B) a duly executed first amendment to assignment of material contracts reflecting any new Material Project Contracts entered into by the Borrower since May 11, 2018; and
 - (ii) the original Tranche II Note (as defined in the Existing Loan Agreement) has been returned by the Lender to the Borrower stamped "cancelled".

ARTICLE 8 COVENANTS OF THE BORROWER

The Borrower, on behalf of itself and the other Loan Parties, covenants and agrees with the Lender as follows:

8.1 Positive Covenants

- (a) **Payment and Performance:** the Borrower shall duly and punctually pay all indebtedness and liabilities as and when due by it hereunder and perform all other obligations on its part to be performed under the terms of the Loan Documents at the times and places and in the manner provided for herein or therein;
- (b) **Maintain Corporate or Other Existence and Status:** the Borrower shall, and shall cause each other Loan Party to, maintain its existence in good standing and duly register and qualify and remain duly registered and qualified to do business or own or lease property or assets in each jurisdiction in which the nature of any business transacted by the Borrower or such other Loan Party, or the character of any properties or assets owned or leased by the Borrower or such other Loan Party, requires such registration or qualification, except to the extent such failure to be so registered or qualified would not reasonably be expected to have a Material Adverse Effect;
- (c) **Insurance:** the Borrower shall, and shall cause each other Loan Party to, maintain in full force and effect such policies of insurance, including public liability and property damage insurance, in such amounts issued by insurers of recognized standing covering the Loan Parties' respective properties and operations, including commercial general liability coverage, as are customarily maintained by Persons engaged in the same or similar business in the localities where the Loan Parties' properties and operations are located, and, if requested, furnish the Lender with certificates or other evidence confirming compliance with the foregoing insurance requirements;
- (d) **Compliance with Applicable Laws:** the Borrower shall, and shall cause each other Loan Party to:
 - (i) carry on and conduct its business and keep, maintain and operate its assets and properties in all material respects in accordance with all Applicable Laws (including, without

limitation, all statutory holdback requirements under the *Builders' Lien Act* (Alberta) and all applicable Environmental Laws, and in a good and workmanlike manner and in accordance with sound industry practice;

- (ii) maintain all permits and licenses necessary or desirable for the ownership of the Lands, the construction and operation of the Project and for the conduct of its business, including but not limited to those issued or granted by any Governmental Authority, except to the extent such failure to maintain such permits and licenses would not reasonably be expected to have a Material Adverse Effect; and
 - (iii) observe and conform in all material respects to all requirements of any Governmental Actions relative to any of the Borrower's assets and properties and all covenants, terms and conditions of all agreements upon or under which any of its assets and properties are held;
- (e) **Payment of Taxes:** the Borrower shall, and shall cause each other Loan Party to:
 - (i) file all income tax returns which are required to be filed; and
 - (ii) pay or make provision for payment (in accordance with GAAP) of all Taxes which are due and payable, or to provide adequate reserves (in accordance with GAAP) for the payment of any Tax, the payment of which is being contested in good faith;
- (f) **Payment of Other Obligations:** the Borrower shall, and shall cause each other Loan Party to, pay or cause to be paid all rents, royalties and other indebtedness to pay money validly imposed upon it, or upon its properties or assets or any part thereof, and all of its Indebtedness as and when the same became due and payable or shall provide adequate reserves (in accordance with GAAP) for the payment of any such obligation or Indebtedness, the payment of which is being contested in good faith;
- (g) **Maintenance of Books and Records:** the Borrower shall, and shall cause each other Loan Party to, keep or cause to be kept proper and adequate records and books of account in which true and complete entries will be made in a manner sufficient to enable the preparation of financial statements in accordance with GAAP;
- (h) **Defend Title to Assets:** the Borrower shall, and shall cause each other Loan Party to, maintain, protect and defend title to all property and assets held by it in its own capacity or on behalf of others, and take all such acts and steps as are necessary or advisable at any time and from time to time to maintain its property and assets in good standing in accordance with diligent and prudent industry practice and Applicable Laws except to the extent that the failure to do or cause to be done the same would not have and would not reasonably be expected to have a Material Adverse Effect;
- (i) **Notices re: VTB Financing and Permitted Senior Indebtedness:** the Borrower shall provide the Lender with any information with respect to the VTB Financing and the Permitted Senior Indebtedness as it may reasonably request in order to determine whether or not the Borrower is in compliance with the provisions hereof and inform the Lender of any breach, default or event of default that has occurred under the VTB Financing or the Senior Documents or any event, occurrence or fact which may have a Material Adverse Effect on the value of the Lands or on the Borrower's financial situation, including copies of any notice received by the Borrower from the VTB Holder or the Senior Lender (each a "**Default Notice**") stating that the Borrower is in breach

or default under the VTB Financing or the Senior Documents, as applicable, or that the VTB Holder or the Senior Lender, as applicable, intends to terminate the VTB Financing or the Senior Credit Agreement, respectively, or take any action to enforce any security granted by the Borrower to the VTB Holder in connection with the VTB Financing or to the Senior Lender pursuant to the Senior Documents. Upon receipt of a Default Notice: (i) the Borrower shall respond on a timely basis to any requests by the Lender for reasonable particulars as to the alleged defaults; and (ii) the Lender, or a receiver appointed by the Lender following the occurrence of an Event of Default, shall have the right (but not the obligation) to cure any defaults listed in such Default Notice;

- (j) **Reporting Requirements:** the Borrower shall, and shall cause each other Loan Party to, furnish to the Lender:
- (i) as soon as available and in any event within the earlier of: (i) 120 days after the end of each fiscal year of the Borrower, and (ii) the date upon which the following information is to be delivered to the holders of common shares in the capital of the Borrower, its audited consolidated financial statements including a balance sheet and related statements of income, retained earnings and changes in cash flow as of the end of and for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, in accordance with GAAP;
 - (ii) as soon as available and in any event within the earlier of: (i) 60 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, and (ii) the date upon which the following information is to be delivered to the holders of common shares in the capital of the Borrower, its unaudited consolidated financial statements including a balance sheet and related statements of income, retained earnings and changes in cash flow as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year which includes such fiscal quarter, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by a senior officer of the Borrower as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP, subject to normal year-end audit adjustments;
 - (iii) a copy of all information and materials furnished to the holders of common shares or units in the capital of any Loan Party (as applicable) or the board of directors or partners of any Loan Party (as applicable) not otherwise included in the foregoing subsections 8.1(j)(i) and 8.1(j)(ii);
 - (iv) to the extent not otherwise provided pursuant to paragraphs 8.1(j)(i) through 8.1(j)(iii) hereof, quarterly financial flash reports, setting out budgeted vs. actual Project/corporate costs;
 - (v) to the extent not otherwise provided pursuant to paragraphs 8.1(j)(i) through 8.1(j)(iv), copies of all financial statements, reports or other documents furnished from time to time to the Senior Lender pursuant to or in connection with the Senior Credit Agreement concurrently with the delivery thereof to the Senior Lender;
 - (vi) concurrently with the information delivered pursuant to paragraph 8.1(j)(i) and, in any event, not less frequently than annually, a GSA Confirmation from each Loan Party; and

- (vii) such other information as the Lender may reasonably request from time to time;
- (k) **Notice of Certain Events:** the Borrower shall provide the Lender with prompt written notice of any Default or Event of Default and notice of any matter which could reasonably be expected to have a Material Adverse Effect;
- (l) **Notice of New Subsidiary:** the Borrower shall provide the Lender with at least 10 Business Days' written notice prior to forming or acquiring, directly or indirectly, any Subsidiary; and
- (m) **Further Assurances:** the Borrower shall, and shall cause each other Loan Party to, do all such further acts and things and execute and deliver all such further documents as shall be reasonably required by the Lender in order to ensure the terms and provisions of the Loan Documents are fully performed and carried out.

8.2 Negative Covenants

The Borrower, on behalf of itself and the other Loan Parties, covenants with the Lender that the Borrower shall not, and shall not permit any Loan Party of the Borrower to, without the prior written consent of the Lender:

- (a) **Constituting Documents:** amend its articles of incorporation, by-laws or other constituting documents after the Effective Date in a manner adverse to the Lender;
- (b) **Financial Indebtedness:** incur any Financial Indebtedness other than: (i) Financial Indebtedness secured by a Permitted Encumbrance, provided that such Financial Indebtedness is within any applicable limitations provided for in the definition of Permitted Encumbrances; (ii) the Obligations; (iii) Financial Indebtedness owing or accruing to the Lender pursuant to the terms of the Shares; and (iv) Permitted Senior Indebtedness in an aggregate principal amount not exceeding \$12,000,000 while the Intercreditor Agreement is in effect;
- (c) **Negative Pledge:** except for Permitted Encumbrances, grant, create, incur, assume, permit or suffer to exist any Security Interest upon or with respect to any of the Collateral. The fact that any Loan Party is permitted to create or suffer to exist any Permitted Encumbrance shall not, in any circumstances, be taken to constitute a subordination of the Security Interests created by the Security Documents to any Permitted Encumbrance;
- (d) **Asset Sale or Purchase:** directly or indirectly, consummate any Asset Sale or Asset Purchase, other than: (i) the acquisition by the Borrower of the Lands in accordance with the terms of the Purchase and Sale Agreement; and (ii) the Queen of Bud Acquisition;
- (e) **Financial Assistance:** provide any financial assistance (by means of a loan, guarantee or otherwise) to any Person, other than financial assistance provided: (i) by a Loan Party to another Loan Party in favour of the Lender under or pursuant to this Agreement and the other Loan Documents; and (ii) in favour of the Senior Lender in connection with the Senior Credit Agreement but subject, at all times, to the Intercreditor Agreement;
- (f) **Distributions:** declare or make any Distribution (including, without limitation, any payment in connection with any amalgamation, merger or consolidation involving any Loan Party) other than: (i) salaries paid to officers, directors or other employees of any Loan Party in the Ordinary Course; (ii) Distributions made by a Loan Party to another Loan Party; and (iii) Distributions

made to the Lender, including pursuant to the terms of the Shares or other securities (including common shares) held by the Lender in the capital of the Borrower;

- (g) **Investments:** make investments in any Person other than a Loan Party;
- (h) **Change of Business:** change in any material respect the nature of any Loan Party's business or operations from the legal production of medicinal and recreational cannabis in the Province of Alberta, nor engage directly or indirectly, in any material business, activity or purchase or otherwise acquire any material property, in either case not primarily related to the conduct of the Loan Parties' business or operations as presently carried on;
- (i) **Merger Transaction:** enter into or become party to any Merger Transaction or take any corporate or partnership action in pursuance of any of the foregoing;
- (j) **VTB Financing:** amend the terms of the VTB Financing (unless administrative or not otherwise material in nature);
- (k) **Material Project Contracts:** amend (unless administrative or not otherwise material in nature) or terminate any Material Project Contract or enter into any new Material Project Contract;
- (l) **Project Budget:** revise, change or amend the Project Budget in any material respect (except that the Borrower shall be permitted to inject equity to cover any cost overruns or to apply any budget savings to another budget item, provided the revised aggregate budget items do not exceed the Project Budget previously delivered to the Lender hereunder);
- (m) **Project Plans:** revise, change or amend any of the Project Plans in any material respect; and
- (n) **Senior Documents:** amend, restate, supplement or otherwise modify the Senior Credit Agreement or any other Senior Document (unless administrative or not otherwise material in nature).

ARTICLE 9 EVENTS OF DEFAULT

9.1 Events of Default

The occurrence of any one or more of the following events or circumstances constitutes an Event of Default under this Agreement:

- (a) **Failure to Pay Principal:** the failure of any Loan Party to pay any of the Principal Sum when due hereunder;
- (b) **Failure to Pay Interest or Fees:** the failure of any Loan Party to pay any interest or fees, or any portion thereof, when due hereunder and such default shall remain unremedied for a period of five (5) days;
- (c) **Covenants:** if there is a breach or failure of due performance or observance by any Loan Party of any covenant or provision of this Agreement or any of the Loan Documents to which such Loan Party is a party (other than those otherwise dealt with in this Section 9.1), unless such breach or failure (if capable of being cured) is cured within ten (10) Business Days after written notice by the Lender to the Borrower;

- (d) **Misrepresentations:** if any representation or warranty made or deemed to be made by any Loan Party in any Loan Document, certificate or document (which, for the purposes of this Section 9.1(d), shall be read as though none of them contained any materiality qualification) shall prove to have been incorrect in any material respect when made or deemed to be made or repeated hereunder or thereunder and the representation or warranty in question remains incorrect more than ten (10) Business Days after written notice by the Lender to the Borrower;
- (e) **Cease to Carry on Business:** if any Loan Party ceases or threatens to cease to carry on business;
- (f) **Voluntary Insolvency:** if any Loan Party shall:
 - (i) apply for or consent to the appointment of a receiver, trustee or liquidator of itself or of all or a substantial part of its assets;
 - (ii) make or threaten to make a general assignment for the benefit of creditors or make or threaten to make a bulk sale of its assets; or be unable, or admit in writing its inability or failure, to pay its debts generally as they become due;
 - (iii) commence any case, proceeding or other action under any existing or future Applicable Law relating to bankruptcy, insolvency, reorganization, winding-up or relief of debtors seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts or an arrangement with creditors or taking advantage of any insolvency law or proceeding for the relief of debtors, or file an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceeding;
 - (iv) take any corporate or partnership action for the purpose of effecting any of the foregoing; or
 - (v) commit or threaten to commit an act which would constitute bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) or any statute passed in substitution therefor, as amended from time to time;
- (g) **Involuntary Insolvency:** if any case, proceeding or other action shall be instituted in any court of competent jurisdiction against any Loan Party seeking in respect of it an adjudication in bankruptcy, reorganization, dissolution, winding-up, liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or the like of such Loan Party or of all or any substantial part of its assets, or any other like relief in respect of such Loan Party under any bankruptcy or insolvency law and, if such case, proceeding or other action is being contested by such Loan Party in good faith, the same shall continue undismissed or unstayed and in effect for any period of sixty (60) consecutive days; provided that if an order, decree or judgment is granted (whether or not entered or subject to appeal) against such Loan Party thereunder or a trustee, receiver or liquidator is appointed in the interim;
- (h) **Financial Indebtedness Default:** the occurrence of any event or circumstance which, with the giving of notice or lapse of time or otherwise, would constitute an event of default under any Financial Indebtedness exceeding Cdn. \$200,000;

- (i) **Writ:** if a writ, execution, attachment or similar process is issued or levied against all or a portion of the property of any Loan Party in connection with any judgment or judgments against such Loan Party aggregating in excess of Cdn. \$200,000 and is not released, satisfied, discharged, vacated or stayed within thirty (30) days after its entry, commencement or levy;
- (j) **Judgment:** if final judgments for the payment of money aggregating in excess of Cdn. \$200,000 shall be rendered against any Loan Party by a court of last resort and the same shall remain undischarged for a period of thirty (30) days during which time such judgments shall not be on appeal or execution thereof shall not be effectively stayed;
- (k) **Invalid Loan Documents:** if any material provision of any Loan Document continues to be invalid or unenforceable in whole or in a material part and the same is not cured to the satisfaction of the Lender, acting reasonably, within thirty (30) days after notice thereof by the Lender to the Borrower;
- (l) **VTB Financing:** if any event of default occurs under the Purchase and Sale Agreement or any other documentation entered into by the Borrower in connection with the VTB Financing, after the expiry of any applicable grace period thereunder;
- (m) **Material Project Contracts:** if any event of default occurs under any Material Project Contract, after the expiry of any applicable grace period thereunder;
- (n) **Senior Credit Agreement:** if any default under the Senior Credit Agreement or other Senior Document occurs and such default is not waived or cured within any applicable cure or grace period or an event of default thereunder occurs; or
- (o) **Material Adverse Effect:** if any event occurs, which, in the sole opinion of the Lender, acting reasonably, has or is likely to have a Material Adverse Effect.

9.2 Acceleration

Upon the occurrence of any Event of Default which has not been remedied or waived, the Lender shall be entitled to, without limiting or restricting other remedies or rights under contract, at law or in equity, as the Lender may in its sole and unfettered discretion determine, by written notice to the Borrower (an "**Acceleration Notice**"), declare the Loan and other liabilities and indebtedness (whether matured or unmatured) of the Borrower to the Lender hereunder and under the other Loan Documents to be immediately due and payable (or to be due and payable at such later time as may be stated in such notice) without further demand, presentation, protest or other notice of any kind, all of which are expressly waived by the Borrower; provided that upon the occurrence of an Event of Default specified in Section 9.1(f) or 9.1(g) all indebtedness and liabilities hereunder and under the other Loan Documents shall automatically become due and payable, in each case without any requirement that notice be given to the Borrower. Immediately upon the occurrence of an Event of Default specified in Section 9.1(f) or 9.1(g) or at the time stated in an Acceleration Notice, the Borrower shall pay to the Lender all amounts owing or payable in respect of the Loan and other indebtedness and liabilities hereunder and under the other Loan Documents, failing which all rights and remedies of the Lender under the Loan Documents shall thereupon become enforceable.

9.3 Remedies on Default

After an Event of Default, the Lender shall take such actions and commence such proceedings as the Lender in its sole discretion may determine, all without any additional notice, presentation, demand or protest, all of which the Borrower hereby expressly waives (to the extent such rights may be waived under Applicable Law). The rights and remedies of the Lender under the Loan Documents are cumulative and are in addition to and not in substitution for any rights or remedies provided by law.

9.4 Right of Set-Off

Upon the occurrence and during the continuance of any Event of Default, and in addition to any rights now or hereafter granted under Applicable Law and not by way of limitation of any such rights, the Lender is authorized at any time and from time to time thereafter, without notice to the Borrower or to any other Person (any such notice being expressly waived by the Borrower), to set-off any and all amounts of any kind at any time held to the credit or for the account of the Borrower, against any of the obligations of the Borrower under this Agreement and any other Loan Document, whether or not the Lender has made any demand hereunder or thereunder and although such obligations, liabilities or claims of the Borrower are contingent or unmatured.

9.5 Waiver of Default

Any single or partial exercise by the Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in the Loan Documents shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy to which the Lender may be lawfully entitled for the same default or breach, and any waiver by the Lender of the strict observance, performance or compliance with any term, covenant, condition or agreement contained in the Loan Documents, and any indulgence granted thereby, shall be deemed not to be a waiver of any subsequent default. To the extent permitted by Applicable Law, the Borrower hereby waives any rights now or hereafter conferred by statute or otherwise which are inconsistent with the Lender's rights or remedies under the Loan Documents.

ARTICLE 10 EXPENSES AND INDEMNITIES

10.1 Reimbursement of Expenses

All documents or information required to be furnished to the Lender by any Loan Party under this Agreement shall be supplied by the applicable Loan Party without cost to the Lender. The Borrower agrees to pay promptly to the Lender on demand:

- (a) all reasonable legal fees and other reasonable documented out-of-pocket expenses incurred or which may hereafter be incurred from time to time by the Lender in respect of the documentation, preparation, registration, negotiation, execution, administration, periodic review, modification or amendment of the Loan Documents (including any stamp taxes or other Taxes payable in connection with the execution, delivery or enforcement of the Loan Documents); and
- (b) all reasonable expenses (including legal fees on a solicitor and his own client basis) which are incurred from time to time by the Lender in respect of the enforcement of the Loan Documents.

10.2 General Indemnity

The Borrower hereby covenants with the Lender that it shall, and shall cause each other Loan Party to, at all times hereafter keep the Lender indemnified and held harmless from and against all suits (whether founded or unfounded), actions, proceedings, judgments, demands or claims instituted or made against the Lender in any way relating to, arising out of or incidental to any of the Loan Documents (including, without limitation, all costs, losses, liabilities, damages and expenses (including all reasonable legal fees on a solicitor and his own client basis) incurred by the Lender in any way relating to, arising out of, or incidental to any default by any Loan Party under any provision of any of the Loan Documents to which it is a party) except to the extent such losses result from the gross negligence or wilful misconduct of the Lender. If and for so long as no Default or Event of Default has occurred and is continuing, the Borrower, at its option, shall be entitled to conduct the defence of such suit, action or proceeding with the participation of and taking into account the best interests of the Lender. If the Lender shall determine in good faith that the defence of any such suit, action or proceeding is not being conducted in the best interests of the Lender, the Lender shall on notice to the Borrower be entitled to take over the sole conduct of the defence of such suit, action or proceeding and the Borrower and any other applicable Loan Party shall not be obligated to indemnify the Lender in respect of any legal fees and disbursements thereafter incurred in respect of such suit, action or proceeding. This indemnity shall extend to the officers, directors, employees, agents, shareholders and assignees of the Lender.

ARTICLE 11 SUCCESSORS AND ASSIGNS

11.1 Successors and Assigns

The Borrower shall not assign its rights or obligations hereunder without the prior written consent of the Lender. The Lender may, at its sole cost and expense, without the Borrower's consent, sell, assign or otherwise transfer in whole or in part in its rights and obligations under this Agreement and the other Loan Documents.

ARTICLE 12 MISCELLANEOUS

12.1 Severability

Any provision of this Agreement which is or becomes prohibited or unenforceable in any jurisdiction does not invalidate, affect or impair the remaining provisions hereof in such jurisdiction and any such prohibition or unenforceability in any jurisdiction does not invalidate or render unenforceable such provision in any other jurisdiction.

12.2 Failure to Act

No failure, omission or delay on the part of the Lender in exercising any right, power or privilege hereunder shall impair such right, power or privilege or operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege.

12.3 Waivers

No breach of any of the provisions of any of the Loan Documents may be waived or discharged verbally; any such waiver or discharge may only be made by way of an instrument in writing signed by the Lender and such waiver or discharge will then be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given. Any such waiver or discharge which affects the rights of the Lender may only be made by way of an instrument in writing signed by the Lender.

12.4 Amendments

No provision of the Loan Documents may be amended verbally and any such amendment may only be made by way of an instrument in writing signed by the Borrower and the Lender.

12.5 Notice

Except as otherwise expressly provided herein, all notices, advices, requests and demands hereunder shall be in writing (including facsimile transmissions) and shall be given to or made upon the respective parties hereto at the address set forth opposite their names on the signature pages hereto or at such other address as any party shall designate for itself. Any notice or demand given by personal delivery shall be effective upon actual receipt by the recipient.

Notices and other communications to the Lender or the Borrower hereunder may be delivered or furnished by electronic communication (including email). Unless the parties hereto otherwise agree, notices and other communications sent to an email address shall be deemed received one (1) Business Day following actual delivery or transmittal, provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

12.6 Whole Agreement

This Agreement, together with the other Loan Documents, constitutes the whole and entire agreement between the Borrower and the Lender and cancels and supersedes any prior agreements, undertakings, declarations and representations, written or verbal, in respect of the subject matter of this Agreement and the other Loan Documents.

12.7 Governing Law

The parties agree that this Agreement is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and of Canada applicable therein. There shall be no application of any conflict of law or other rules which would result in any laws other than internal laws in force in the Province of Alberta applying to this Agreement. The parties hereto do hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Agreement or any other Loan Document, or any of the transactions contemplated hereby or by any thereof, without prejudice to the rights of the Lender to take proceedings in other jurisdictions.

12.8 Term of Agreement and Survival

This Agreement and all covenants, undertakings, agreements, representations and warranties shall continue and survive until there are no obligations, liabilities or indebtedness arising under any Loan Document, and with the exception of the indemnities provided in Section 10.2 which shall survive any such termination.

12.9 Time of Essence

Time shall be of the essence of this Agreement.

12.10 Conflict with Other Documents

In the event there is a conflict or inconsistency as to any matter between the provisions hereof and the provisions of any other Loan Document, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency; provided, however, that for the purposes of this Section 12.10 there shall not be considered to be a conflict or inconsistency between any provision hereof and any provision of any other Loan Document merely because such Loan Document does, and this Agreement does not, deal with the particular matter.

12.11 Counterpart Execution

This Agreement may be executed in any number of counterparts and by different parties in separate counterparts and delivered by facsimile or other electronic means, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed on the date and year first above written.

**ADDRESSES
FOR NOTICES:**

Borrower:


CANDRE CANNABIS INC., as Borrower

#202, 279 Midpark Way SE
Calgary, Alberta T2X 1M2

Attention: President and Chief Executive
Officer

Email: jbeaudry@candrecannabis.com

Per:


Name: JESSE BEAUDRY
Title: PRESIDENT

Lender:

Suite 840, 517 – 10th Avenue S.W.
Calgary, Alberta T2R 0A8

Attention: Muriel Bourra
Email: muriel.bourra@shaw.ca

ENZIO HOLDINGS LTD., as LenderPer: 

Name:

Title:

[Signature Page to Amended and Restated Loan Agreement]


CONSENT AND ACKNOWLEDGEMENT

Each of the undersigned, as a guarantor pursuant to and in connection with the amended and restated loan agreement dated as of the date hereof, and to which this Consent and Acknowledgement is attached (the "**Restated Loan Agreement**"), hereby consents to the terms of the Restated Loan Agreement and the transactions contemplated thereby, acknowledges and confirms the representations and warranties applicable to it in the Restated Loan Agreement, acknowledges and confirms that the guarantee and the general security agreement or share pledge, as applicable, each dated as of May 11, 2018 and granted by it in favour of the Lender, each remains in full force and effect unamended and undertakes and agrees to take all such actions as may be required of it to give effect to and cause the performance of the terms and conditions of the Restated Loan Agreement.


Without limiting the generality of the foregoing, each of the undersigned acknowledges that the "Guaranteed Obligations" referred to in each aforementioned guarantee and the "Obligations" referred to in each aforementioned general security agreement or share pledge, as applicable, include, without limitation, all obligations of the Borrower under the Restated Loan Agreement.

Dated as of the 12th day of November, 2019.

CALYPTRA CULTIVATION INC.

Per: 
 Name: Jesse Beaumont
 Title: President

JASMINE VENTURES LTD.

Per: 
 Name: Jesse Beaumont
 Title: President

FRONDIS HOLDINGS LTD.

Per: _____
 Name: _____
 Title: _____

CONSENT AND ACKNOWLEDGEMENT

Each of the undersigned, as a guarantor pursuant to and in connection with the amended and restated loan agreement dated as of the date hereof, and to which this Consent and Acknowledgement is attached (the "**Restated Loan Agreement**"), hereby consents to the terms of the Restated Loan Agreement and the transactions contemplated thereby, acknowledges and confirms the representations and warranties applicable to it in the Restated Loan Agreement, acknowledges and confirms that the guarantee and the general security agreement or share pledge, as applicable, each dated as of May 11, 2018 and granted by it in favour of the Lender, each remains in full force and effect unamended and undertakes and agrees to take all such actions as may be required of it to give effect to and cause the performance of the terms and conditions of the Restated Loan Agreement.

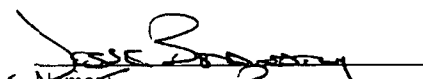
Without limiting the generality of the foregoing, each of the undersigned acknowledges that the "Guaranteed Obligations" referred to in each aforementioned guarantee and the "Obligations" referred to in each aforementioned general security agreement or share pledge, as applicable, include, without limitation, all obligations of the Borrower under the Restated Loan Agreement.

Dated as of the 12th day of November, 2019.

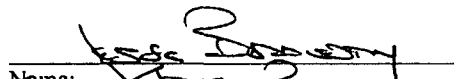
CALYPTRA CULTIVATION INC.

JASMINE VENTURES LTD.

Per:

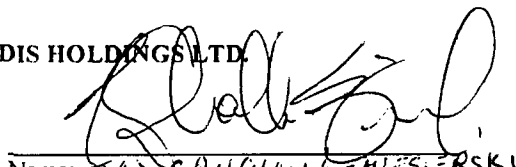

Name: JESSE BRANDY
Title: RESIDENT

Per:


Name: JESSE BRANDY
Title: PRESIDENT

FRONDIS HOLDINGS LTD.

Per:


Name: TADEUSZ GRUCHALLA-WESIERSKI
Title: DIRECTOR

[Signature Page to Consent and Acknowledgement of Guarantors]

CONSENT AND ACKNOWLEDGEMENT

Each of the undersigned, as a guarantor pursuant to and in connection with the amended and restated loan agreement dated as of the date hereof, and to which this Consent and Acknowledgement is attached (the "**Restated Loan Agreement**"), hereby consents to the terms of the Restated Loan Agreement and the transactions contemplated thereby, acknowledges and confirms the representations and warranties applicable to it in the Restated Loan Agreement, acknowledges and confirms that the guarantee and the general security agreement or share pledge, as applicable, each dated as of May 11, 2018 and granted by it in favour of the Lender, each remains in full force and effect unamended and undertakes and agrees to take all such actions as may be required of it to give effect to and cause the performance of the terms and conditions of the Restated Loan Agreement.

Without limiting the generality of the foregoing, each of the undersigned acknowledges that the "Guaranteed Obligations" referred to in each aforementioned guarantee and the "Obligations" referred to in each aforementioned general security agreement or share pledge, as applicable, include, without limitation, all obligations of the Borrower under the Restated Loan Agreement.

Dated as of the 12th day of November, 2019.

CALYPTRA CULTIVATION INC.

JASMINE VENTURES LTD.

Per: _____

Name:
Title:

Per: _____

Name:
Title:

FRONDIS HOLDINGS LTD.

Per: _____

Name:
Title:

SCHEDULE "A"
PERMITTED ENCUMBRANCES

"Permitted Encumbrances" means, as of any particular time, any of the following Security Interests or rights:

- (a) Security Interests for taxes, assessments or governmental charges which are not due or delinquent, or the validity of which the applicable Loan Party shall be contesting in good faith;
- (b) Security Interests for any judgment rendered, or claim filed, against any Loan Party which such Loan Party shall be contesting in good faith and for which adequate cash reserves have been established by such Loan Party;
- (c) liens imposed or permitted by law such as mechanics' liens, garagemans' liens, labourers' liens, carriers' liens, builders' liens, materialmens' liens and other liens, privileges or other charges of a similar nature which relate to obligations not due or delinquent or if due or delinquent, any lien, privilege or charge which the applicable Loan Party shall be contesting in good faith and for which adequate cash reserves have been established by such Loan Party;
- (d) undetermined or inchoate liens, charges and Security Interests incidental to construction or current operations which have not been filed pursuant to law against any Loan Party or in respect of which no steps or proceedings to enforce such liens, charges and Security Interests have been initiated or which relate to obligations which are not due or delinquent or if due or delinquent, which the applicable Loan Party shall be contesting in good faith and for which adequate cash reserves have been established by such Loan Party;
- (e) Security Interests in favour of a public utility or any municipality or governmental or other authority when required by such public utility or municipality or other authority in connection with the operations of the applicable Loan Party in the Ordinary Course, which in the aggregate do not detract materially from the value of any part of such Loan Party or its use in the operations of such Loan Party;
- (f) any Security Interest or trust arising in connection with workers' compensation, unemployment insurance, pension and employment laws or regulations;
- (g) easements, rights-of-way, servitudes or other similar rights in land (including rights-of-way and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other Persons which singly and in the aggregate do not materially detract from the value of the land concerned or materially impair its use in the operation of the business of any Loan Party;
- (h) surface rights for railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables granted to or reserved or taken by other Persons which singly and in the aggregate do not materially detract from the value of the land concerned or materially impair its use in the operation of the business of any Loan Party;
- (i) encumbrances incidental to the conduct of business or the ownership of property and assets not incurred in connection with the borrowing of money or obtaining credit and which do not, in the

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aggregate, detract in any material way from the value or usefulness of the property and assets of the Loan Parties;

- (j) in respect of any land, any defects or irregularities in the title to such land which are of a minor nature and which, in the aggregate, will not materially impair the use of such land for the purposes for which such land is held;
- (k) the reservation in any original grants from the Crown of any land or interests therein and statutory exceptions and reservations to title;
- (l) any operating lease entered into in the Ordinary Course;
- (m) landlords' liens or any other rights of distress reserved in or exercisable under any lease of real property for rent and for compliance with the terms of such lease; provided that such liens do not attach generally to all or substantially all of the undertaking, assets and property of the Borrower or any other Loan Party;
- (n) Security Interests resulting from the deposit of cash or approved securities or Security Interests on other assets as security when the Borrower or another Loan Party is required to provide such deposits or security by a Governmental Authority or by normal business practice in connection with contracts, licenses or tenders or similar matters in the Ordinary Course and for the purpose of carrying on the same, or to secure workers' compensation, surety or appeal bonds or to secure costs of litigation when required by Applicable Law;
- (o) purchase money Security Interests, upon or in any property acquired by any Loan Party after the Initial Date in the Ordinary Course, created at the time of such purchase or within 60 days thereafter to secure the purchase price of such property or to secure Financial Indebtedness incurred solely for the purpose of financing the acquisition of such property and Security Interests existing on such property at the time of its acquisition (other than any such Security Interest created in contemplation of such acquisition), provided that: (i) the aggregate principal amount of the Financial Indebtedness of all Loan Parties secured by purchase money Security Interests does not exceed Cdn. \$200,000 at any time; and (ii) no such Security Interest shall extend to any property of any Loan Party other than the property so acquired;
- (p) Security Interests securing the performance of bids, tenders, leases, contracts (other than for the repayment of borrowed money), statutory obligations, surety and appeal bonds and performance bonds and other obligations of like nature, incurred as an incident to and in the Ordinary Course;
- (q) Security Interests hereof or otherwise in favour of the Lender;
- (r) Security Interests granted by the Borrower in favour of the VTB Holder in respect of the VTB Financing, provided that: (i) the aggregate principal amount of the Financial Indebtedness secured thereby does not exceed Cdn. \$600,000 at any time; and (ii) no such Security Interest shall extend to any property of the Borrower other than the Lands (including, for certainty, all buildings located thereon);
- (s) Security Interests granted by a Loan Party in favour of the Senior Lender pursuant to the terms of the Senior Documents but subject, at all times, to the Intercreditor Agreement;
- (t) any other Security Interest approved in writing by the Lender;

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- (u) a utility right of way granted in favour of the Town of Sundre as to portion or plan 8910921, registered against the certificate of title relating to the Lands as instrument no. 901 063 085; and
- (v) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Security Interest referred to in the preceding subparagraphs (a) to (t) inclusive of this definition, so long as any such extension, renewal or replacement of such Security Interest is limited to all or any part of the same property that secured the Security Interest extended, renewed or replaced (plus improvements on such property) and the indebtedness or obligation secured thereby is not increased.

SCHEDULE "B"
PROJECT BUDGET

	Cost Type	Start	End	Amount
41,872 Square Foot Cannabis Cultivation Facility Construction	Hard	Jan-18	Oct-18	\$ 7,807,907.75
Cultivation Budgetary Estimate – Vertical Grow Infrastructure	Hard	May-18	Jan-18	\$ 5,040,680.00
Front End Engineering Design (FEED) Study	Hard	Jan-18	May-18	\$ 150,000.00
Land (option payments + monthly Phase 1 payments)	Hard	May-18	Nov-20	\$ 207,000.00
Working Capital / G&A	Soft	Jan-18	Jun-19	\$ 5,400,000.00
Total				\$ 18,605,587.75

SCHEDULE "C"
PROJECT PLAN

DESIGN BUILD MILESTONES	CAPITAL REQUIREMENT (+/- 15%)	CAPITAL DEPLOYMENT DATE
Engage Detailed Design	\$ 738,500.00	Feb-18
HPBE & Other Long Lead Materials	\$ 600,000.00	Apr-18
Grow Equipment Procurement 1	\$ 1,300,000.00	May-18
HPBE Panel Fabrication Start	\$ 2,220,350.00	May-18
Foundation Construction Start	\$ 1,675,000.00	May-18
Completion of Building Envelope	\$ 2,220,350.00	Aug-18
Grow Equipment Procurement 2	\$ 1,300,000.00	Aug-18
Completion of Project and Document Turnover	\$ 1,118,000.00	Q4 2018

SCHEDULE "D"
GSA CONFIRMATION

[NTD: To be delivered annually.]

TO: Enzo Holdings Ltd. (the "**Lender**")

DATE: _____

1. This Confirmation is delivered to you pursuant to the terms and conditions of the amended and restated loan agreement dated November 12, 2019 between Candre Cannabis Inc. (the "**Borrower**"), as borrower, and the Lender, as lender (as amended, modified, supplemented or restated, the "**Loan Agreement**"). Unless otherwise expressly defined herein, capitalized terms set forth in this Confirmation shall have the respective meanings set forth in the Loan Agreement.
2. For the purposes of Section 13(2) of the *Personal Property Security Act* (Alberta), as amended from time to time, each Loan Party hereby irrevocably acknowledges, confirms and agrees that the Security Interests constituted by each GSA to which it is a party are hereby re-granted in favour of the Lender, without any further action of such Loan Party or the Lender.
3. This Confirmation may be executed in any number of counterparts and by different parties in separate counterparts and delivered by facsimile or other electronic means, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

CANDRE CANNABIS INC.

CALYPTRA CULTIVATION INC.

Per: _____
 Name: _____
 Title: _____

Per: _____
 Name: _____
 Title: _____



June 30, 2020

Candre Cannabis Inc.
 #202, 279 Midpark Way SE
 Calgary, Alberta T2X 1M2

Attention: Jesse Beaudry, President and
 Chief Executive Officer

Dear Sir:

Re: Amended and restated loan agreement between Candre Cannabis Inc. (the "Borrower"), as borrower, and Enzio Holdings Ltd. (the "Lender"), as lender, dated November 12, 2019 (the "Loan Agreement")

Reference is made to the Loan Agreement. Capitalized terms used and not otherwise defined in this letter amending agreement have the meanings ascribed to them in the Loan Agreement.

Further to discussions between the Borrower and the Lender, the Lender and the Borrower have agreed to amend certain of the terms and conditions governing the Loan and the Censeo Loan (as defined below), as more particularly set forth below.

Now therefore, for good and valuable consideration, the Borrower and the Lender agree as follows:

1. Amendments

(a) Increased Principal Amount & Restatement of Censeo Loan

The Borrower and the Lender each acknowledge and confirm the assignment by Censeo Capital Corp. ("Censeo"), as assignor, to the Lender, as assignee, effective as of the date hereof (the "Assignment"), of a loan made by Censeo to the Borrower in the aggregate principal amount of Cdn. \$4,000,000 (the "Censeo Loan"), as more particularly set forth in a secured promissory note dated effective as of December 1, 2019 issued by the Borrower to Censeo (the "Censeo Promissory Note").

The Borrower and the Lender wish to amend and restate the terms of the Censeo Loan to conform to those of the Loan (as more particularly set forth in the Loan Agreement).

Accordingly, effective as of the date hereof:

- (i) the Censeo Promissory Note shall be amended and restated in its entirety and shall be on the terms and conditions and in the form of the Loan Agreement (as amended hereby) and all Indebtedness of the Borrower to the Lender (as assignee) in respect of the "Principal Sum" under and as defined in the Censeo Promissory Note (including, for greater certainty, all accrued and unpaid interest

thereon) shall be construed as Indebtedness of the Borrower to the Lender in respect of the Loan under the Loan Agreement (as amended hereby);

- (ii) the Borrower and the Lender shall have no further rights or obligations to each other under the Censeo Promissory Note as it exists immediately prior to the amendment and restatement effected hereby; and
- (iii) to give effect to the foregoing, all references in the Loan Agreement to "Cdn. \$18,600,000" are hereby deleted and replaced with "Cdn. \$22,600,000".

(b) Waiver of Interest

Pursuant to Section 4.1 of the Loan Agreement (as amended hereby), interest accrues on the Principal Sum (as amended hereby), including, for greater certainty, the additional "Principal Sum" assigned to the Lender by Censeo pursuant to the terms of the Assignment, at the rate of 10.00% per annum, compounded quarterly (the "**Interest**"), commencing on October 1, 2019, until the full repayment of the Loan.

At the Borrower's request, the Lender hereby agrees to waive the Interest for the fiscal quarters ending December 31, 2019, March 31, 2020 and June 30, 2020 effective as of the date hereof.

(c) Interest Effective July 1, 2020

Effective as of July 1, 2020 (commencing with the fiscal quarter ending September 30, 2020), subject to the terms and conditions of this letter amending agreement, the Borrower and the Lender hereby confirm and agree as follows:

- (i) notwithstanding any other provision set out in the Loan Agreement, the Loan shall be interest-free;
- (ii) the reference to "March 31, 2021" set out in the definition of "Initial Principal Repayment Date" contained in Section 1.1 of the Loan Agreement is hereby deleted and replaced with "December 31, 2021"; and
- (iii) the reference to "Cdn. \$1,349,500.00" contained in Section 5.1(a) of the Loan Agreement is hereby deleted and replaced with "Cdn. \$942,000".

(d) Success Bonus

In consideration of the amendments set forth herein, the Borrower has agreed to meet certain production or financial milestones and to pay certain success bonuses to the Lender in respect thereof. In furtherance of the foregoing, Article 4 of the Loan Agreement is hereby amended by adding the following as a new Section 4.5 thereof:

"4.5 Success Bonuses

The Borrower hereby agrees to pay the following amounts (collectively, the "**Bonus Payments**" and each, a "**Bonus Payment**") to the Lender upon achieving certain production or financial milestones:

- (a) a bonus in the amount of Cdn. \$3,850,000, payable upon achieving either of the following:

- (i) the Borrower first producing more than 1,500 kilograms of dried cannabis during any consecutive 90-day period commencing on October 1, 2022, in which case such bonus shall be payable on the earlier of: (A) 180 days following the end of such 90-day period, and (B) June 30, 2023; or
 - (ii) the Borrower earning gross revenue (excluding excise Taxes and other cannabis-related Taxes imposed by any federal or provincial Governmental Authority) in excess of Cdn. \$7,500,000 during any one of its fiscal quarters ending December 31, 2022, March 31, 2023 and June 30, 2023, in which case such bonus shall be payable on the earlier of: (A) 180 days following the end of such fiscal quarter, and (B) July 31, 2023;
- (b) a bonus in the amount of Cdn. \$3,800,000, payable upon achieving either of the following:
 - (i) the Borrower first producing more than 2,000 kilograms of dried cannabis during any consecutive 90-day period commencing on October 1, 2023, in which case such bonus shall be payable on the earlier of: (A) 180 days following the end of such 90-day period, and (B) June 30, 2024; or
 - (ii) the Borrower earning gross revenue (excluding excise Taxes and other cannabis-related Taxes imposed by any federal or provincial Governmental Authority) in excess of Cdn. \$9,000,000 during any one of its fiscal quarters ending December 31, 2023, March 31, 2024 and June 30, 2024, in which case such bonus shall be payable on the earlier of: (A) 180 days following the end of such fiscal quarter, and (B) July 31, 2024;
- (c) a bonus in the amount of Cdn. \$4,125,000, payable upon achieving either of the following
 - (i) the Borrower producing an average greater than 2,000 kilograms of dried cannabis per fiscal quarter during any consecutive 90-day period commencing on October 1, 2024 and ending on June 30, 2025, in which case such bonus shall be payable on July 31, 2025; or
 - (ii) the Borrower earning gross revenue (excluding excise Taxes and other cannabis-related Taxes imposed by any federal or provincial Governmental Authority) in excess of Cdn. \$10,000,000 during any one of its fiscal quarters ending December 31, 2024, March 31, 2025 and June 30, 2025, in which case such bonus shall be payable on the earlier of: (A) 180 days following the end of such fiscal quarter, and (B) July 31, 2025;
- (d) a bonus in the amount of Cdn. \$4,400,000, payable upon achieving either of the following:
 - (i) the Borrower producing an average greater than 2,000 kilograms of dried cannabis per fiscal quarter during any consecutive 90-day period commencing on October 1, 2025 and ending on June 30, 2026, in which case such bonus shall be payable on July 31, 2026; or
 - (ii) the Borrower earning gross revenue (excluding excise Taxes and other cannabis-related Taxes imposed by any federal or provincial Governmental Authority) in excess of Cdn. \$10,000,000 during any one of its fiscal quarters ending December

31, 2025, March 31, 2026 and June 30, 2026, in which case such bonus shall be payable on the earlier of: (A) 180 days following the end of such fiscal quarter, and (B) July 31, 2026; and

- (e) a bonus in the amount of Cdn. \$4,400,000, payable upon achieving either of the following:
 - (i) the Borrower producing an average greater than 2,000 kilograms of dried cannabis per fiscal quarter during any consecutive 90-day period commencing on October 1, 2026 and ending on June 30, 2027, in which case such bonus shall be payable on July 31, 2027; or
 - (ii) the Borrower earning gross revenue (excluding excise Taxes and other cannabis-related Taxes imposed by any federal or provincial Governmental Authority) in excess of Cdn. \$10,000,000 during any one of its fiscal quarters ending December 31, 2026, March 31, 2027 and June 30, 2027, in which case such bonus shall be payable on the earlier of: (A) 180 days following the end of such fiscal quarter, and (B) July 31, 2027.

For the purposes hereof, "**dried cannabis**" means harvested cannabis that has been subjected to any drying process, but does not include seeds.

For greater certainty, (I) the Borrower hereby covenants and agrees to use commercially reasonable efforts to achieve either a production or a financial milestone in order to give rise to a Bonus Payment as contemplated in paragraphs (a) through (e) above, and (II) each of the milestones and corresponding bonuses in paragraphs (a) through (e) above are separate and independent covenants and obligations of the Borrower and accordingly the total amount of the Bonus Payments that may become payable to the Lender hereunder is Cdn. \$20,575,000.

Upon the occurrence of a Change of Control, a bonus payment (the "**COC Bonus Payment**") equal to the present value, as of the date of the Change of Control, of all Bonus Payments remaining unpaid at the date of the Change of Control shall be deemed to be earned by the Lender and become immediately due and payable by the Borrower to the Lender. The present value of such Bonus Payments shall be calculated using a discount rate of 10% and assuming that such Bonus Payments would have been paid on June 30, 2023, June 30, 2024, June 30, 2025, June 30, 2026 and June 30, 2027, respectively. By way of example, if the Change of Control occurred on June 30, 2021, the COC Bonus Payment would be Cdn. \$14,069,984. The Lender and the Borrower hereby confirm and agree that the COC Bonus Payment is a genuine pre-estimate of damages and not a penalty.

For the purposes hereof, "**Change of Control**" means the occurrence of any of the following events in respect of the Borrower, other than with the approval of the Lender:

- (i) any Person (including such Person's Affiliates and associates) becomes the beneficial owner, directly or indirectly, or exercises control or direction over shares of the Borrower carrying in excess of 50.1% of the total voting rights attached to all of the shares of the Borrower issued and outstanding;
- (ii) the Lender and Frondis Holdings Ltd. (or their Affiliates) cease to have the right, collectively, to appoint a majority of the board of directors of the Borrower at any time; or

- (iii) (A) all or substantially all of the assets of the Borrower are sold or otherwise transferred to any Person, (B) the Borrower amalgamates, consolidates or merges with or into another Person, or (C) any Person amalgamates, consolidates or merges with or into the Borrower, in any case under this clause (iii), in one transaction or a series of related transactions which results in the occurrence of (A) or (B).".

(e) **Prepayment**

Section 5.2 of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

"5.2 Prepayment

At any time prior to the Maturity Date, the Borrower may prepay all (and, for greater certainty, not a portion) of the Principal Sum, together with all fees hereunder, provided that: (a) the Lender shall have received prior written notice from the Borrower of at least ten (10) Business Days prior to such prepayment, and (b) concurrently with such prepayment, a fee (the "**Prepayment Fee**") equal to the present value, as of the date of the applicable prepayment, of all Bonus Payments remaining unpaid as at such time shall be deemed to be earned by the Lender and become immediately due and payable by the Borrower to the Lender. The present value of such Bonus Payments shall be calculated using a discount rate of 10% and assuming that such Bonus Payments would have been paid on June 30, 2023, June 30, 2024, June 30, 2025, June 30, 2026 and June 30, 2027, respectively. By way of example, if the Borrower prepaid the entire Principal Sum on June 30, 2021, the Prepayment Fee would be Cdn. \$14,069,984. The Lender and the Borrower hereby confirm and agree that the Prepayment Fee is a genuine pre-estimate of damages and not a penalty.".

(f) **Events of Default**

Section 9.1 of the Loan Agreement is hereby amended by:

- (i) deleting Section 9.1(a) thereof in its entirety and replacing it with the following:
 - "(a) **Failure to Pay Principal or Bonus Payments:** the failure of any Loan Party to pay any of the Principal Sum or any Bonus Payment when due hereunder;" and
- (ii) deleting the "or" at the end of Section 9.1(n), replacing the period at the end of Section 9.1(o) with "; or" and adding the following as a new Section 9.1(p):
 - "(p) **Milestones:** if the Borrower fails to achieve either a production or a financial milestone giving rise to a Bonus Payment as provided in any of Sections 4.5(a) through 4.5(e).".

(g) **Maturity Date**

The reference to "December 31, 2025" in the definition of "Maturity Date" contained in Section 1.1 of the Loan Agreement is hereby deleted and replaced with "September 30, 2027".

2. General

All terms and provisions of the Loan Agreement, except as amended hereby, remain in full force and effect.

Other than as expressly set forth herein, nothing contained herein shall amend, waive, limit or otherwise affect any of the Loan Parties' indebtedness, liabilities, obligations or covenants to the Lender under the Loan Documents or any provision thereof, all of which continue in full force and effect.

This letter amending agreement: (i) shall constitute a Loan Document pursuant to the Loan Agreement, (ii) shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein, and (iii) may be executed and delivered electronically and in any number of counterparts and by different parties in separate counterparts, each of which, when so executed and delivered, shall be deemed to be an original and all of which taken together constitute one and the same instrument.

Please confirm your acceptance of the terms and conditions set forth in this letter amending agreement by signing the receipt acknowledgement below and returning a copy of this letter amending agreement to the undersigned.


Yours truly,

ENZIO HOLDINGS LTD.

Per: _____

Name:


Title:


M. Bourn
PRESIDENT


(Signature page with Borrower and Guarantor acknowledgement follows)

The Borrower and each Guarantor hereby confirms its receipt of the above letter amending agreement and acknowledges and agrees to the terms set forth therein effective as of the 30th day of June, 2020.


CANDRE CANNABIS INC.

Per: 
 Name: Jesse Denny
 Title: President

CALYPTRA CULTIVATION INC.

Per: 
 Name: Jesse Denny
 Title: President

JASMINE VENTURES LTD.

Per: 
 Name: Jesse Denny
 Title: President

FRONDIS HOLDINGS LTD.

Per: _____
 Name: _____
 Title: _____

The Borrower and each Guarantor hereby confirms its receipt of the above letter amending agreement and acknowledges and agrees to the terms set forth therein effective as of the 30th day of June, 2020.

CANDRE CANNABIS INC.

Per: _____
 Name: _____
 Title: _____

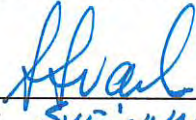
CALYPTRA CULTIVATION INC.

JASMINE VENTURES LTD.

Per: _____
 Name: _____
 Title: _____

Per: _____
 Name: _____
 Title: _____

FRONDIS HOLDINGS LTD.

Per: 
 Name: SUEINWA SUAREZ
 Title: PRESIDENT



December 31, 2020

Candre Cannabis Inc.
#202, 279 Midpark Way SE
Calgary, Alberta T2X 1M2

Attention: Jesse Beaudry, President and
Chief Executive Officer

Dear Sir:

Re: Amended and restated loan agreement between Candre Cannabis Inc. (the "Borrower"), as borrower, and Enzio Holdings Ltd. (the "Lender"), as lender, dated November 12, 2019, as amended by an amending agreement dated June 30, 2020 (as so amended, the "Loan Agreement")

Reference is made to the Loan Agreement. Capitalized terms used and not otherwise defined in this letter amending agreement have the meanings ascribed to them in the Loan Agreement.

Further to discussions between the Borrower and the Lender, the Lender and the Borrower have agreed to amend certain of the terms and conditions governing the Loan, as more particularly set forth below.

Now therefore, for good and valuable consideration, the Borrower and the Lender agree as follows:

1. Amendments

Effective as of the date hereof:

- (a) Section 1.1 of the Loan Agreement is hereby amended by deleting the reference to "December 31, 2021" in the definition of "Initial Principal Repayment Date" contained therein and replacing it with "December 31, 2022";
- (b) Article 4 of the Loan Agreement is hereby amended by deleting Section 4.5 thereof in its entirety;
- (c) Section 5.2 of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

"5.2 Prepayment

At any time prior to the Maturity Date, the Borrower may prepay all (and, for greater certainty, not a portion) of the Principal Sum, together with all fees hereunder, provided that the Lender shall have received no less than ten (10) Business Days' prior written notice from the Borrower of such prepayment."

- (d) Section 9.1 of the Loan Agreement is hereby amended by:
 - (i) deleting Section 9.1(a) thereof in its entirety and replacing it with the following:

- "(a) **Failure to Pay Principal:** the failure of any Loan Party to pay any of the Principal Sum when due hereunder"; and
- (ii) inserting "or" at the end of Section 9.1(n), replacing the "; or" at the end of Section 9.1(o) with a period, and deleting Section 9.1(p) in its entirety.

2. General

All terms and provisions of the Loan Agreement, except as amended hereby, remain in full force and effect.

Other than as expressly set forth herein, nothing contained herein shall amend, waive, limit or otherwise affect any of the Loan Parties' indebtedness, liabilities, obligations or covenants to the Lender under the Loan Documents or any provision thereof, all of which continue in full force and effect.

This letter amending agreement: (i) shall constitute a Loan Document pursuant to the Loan Agreement, (ii) shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein, and (iii) may be executed and delivered electronically and in any number of counterparts and by different parties in separate counterparts, each of which, when so executed and delivered, shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

Please confirm your acceptance of the terms and conditions set forth in this letter amending agreement by signing the receipt acknowledgement below and returning a copy of this letter amending agreement to the undersigned.

Yours truly,

ENZIO HOLDINGS LTD.

Per: _____

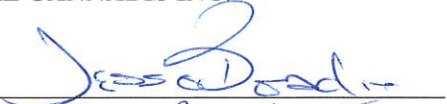
Name: Muriel Bourra

Title: President

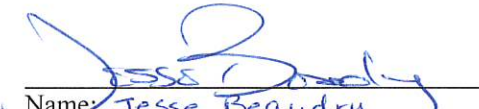
(Signature page with Borrower and Guarantor acknowledgement follows)

The Borrower and each Guarantor hereby confirms its receipt of the above letter amending agreement and acknowledges and agrees to the terms set forth therein effective as of the 31st day of December, 2020.

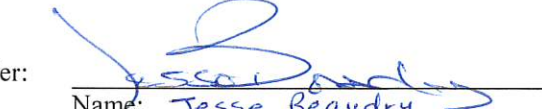
CANDRE CANNABIS INC.

Per: 
 Name: Jesse Beaudry
 Title: President

CALYPTRA CULTIVATION INC.

Per: 
 Name: Jesse Beaudry
 Title: President

JASMINE VENTURES LTD.

Per: 
 Name: Jesse Beaudry
 Title: President

FRONDIS HOLDINGS LTD.

Per: 
 Name: Sveinung Svarte
 Title: President



January 1, 2022

Candre Cannabis Inc.
 #202, 279 Midpark Way SE
 Calgary, Alberta T2X 1M2

Attention: Jesse Beaudry, President and
 Chief Executive Officer

Dear Sir:

Re: Amended and restated loan agreement between Candre Cannabis Inc. (the "Borrower"), as borrower, and Enzio Holdings Ltd. (the "Lender"), as lender, dated November 12, 2019, as amended by an amending agreement dated June 30, 2020 and an amending agreement dated December 31, 2020 (as so amended, the "Loan Agreement")

Reference is made to the Loan Agreement. Capitalized terms used and not otherwise defined in this letter amending agreement have the meanings ascribed to them in the Loan Agreement.

Further to discussions between the Borrower and the Lender, the Lender has agreed to provide one or more additional advances under the Loan in the aggregate principal amount of up to Cdn.\$3,000,000 (collectively, the "**Additional Advances**"). In consideration for the availability of such Additional Advances, the Lender and the Borrower have agreed to amend certain of the terms and conditions governing the Loan, as more particularly set forth below.

Now therefore, for good and valuable consideration (including, without limitation, the availability of the Additional Advances), the Borrower and the Lender agree as follows:

1. Amendments

Effective as of the date hereof:

- (a) **Additional Advances:** The following provisions of the Loan Agreement are amended to give effect to the Additional Advances:
 - (i) the reference to "Cdn.\$22,600,000" in the cover page to the Loan Agreement is hereby deleted and replaced with "Cdn.\$25,600,000";
 - (ii) the defined term "Initial Principal Repayment Date" contained in Section 1.1 of the Loan Agreement is deleted in its entirety;
 - (iii) the defined terms "Loan" and "Principal Sum" contained in Section 1.1 of the Loan Agreement are each deleted in their entirety and replaced with the following, respectively:

""**Loan**" means the loans and advances provided by the Lender to the Borrower hereunder, in an aggregate principal amount of up to Cdn.\$25,600,000, subject to the terms and conditions of this Agreement;"; and

""**Principal Sum**" means Cdn.\$25,600,000 or such lesser principal amount as is owing under the Loan from time to time;";

- (iv) Sections 3.2 and 3.3 of the Loan Agreement are each deleted in their entirety and replaced with the following:

"3.2 Establishment of the Loan

- (a) The Lender and the Borrower hereby confirm, acknowledge and agree that: (i) as at the Third Amendment Effective Date, Cdn.\$22,600,000 of the Principal Sum under the Loan has been advanced, and (ii) except for one or more Additional Advances to be made available by the Lender to the Borrower in accordance with Section 3.2(b) below, no further amounts are available to the Borrower. The Loan (other than the Additional Advances) constitutes a committed term facility, as detailed herein.
- (b) Commencing on the Third Amendment Effective Date, but prior to the Maturity Date, the Borrower may request drawdowns of Additional Advances under the Loan by way of email or other written communication to the Lender in accordance with Section 12.5 hereof; provided that: (i) the aggregate amount of such Additional Advances available to the Borrower shall not, at any time, exceed Cdn.\$3,000,000, (ii) each Additional Advance shall be in the amount of Cdn.\$500,000 (or such greater or lesser amount as determined by the Lender, in its sole discretion), and (iii) each Additional Advance shall be uncommitted and made if, as and when determined by the Lender, in its sole discretion.

3.3 Purpose

The Loan (other than the Additional Advances) shall be used by the Borrower to: (a) complete the acquisition of the Lands pursuant to the Purchase and Sale Agreement, (b) finance the construction of a facility on the Lands for the legal production of medicinal and recreational cannabis thereon by the Borrower, including, without limitation, increases in the Project Budget after the Initial Date, and (c) finance a portion of the Borrower's initial operation of its medicinal and recreational cannabis business (collectively, the "**Project**"). The Additional Advances shall be used by the Borrower for general corporate and working capital purposes.";

- (v) interest shall accrue on the Principal Sum then outstanding and Sections 4.1 and 4.2 of the Loan Agreement are each deleted in their entirety and replaced with the following:

"4.1 Interest and Fees on the Loan

- (a) The Borrower shall pay interest in Canadian Dollars on the outstanding Principal Sum at the rate of 2.00% per annum, compounded quarterly. Such interest shall accrue daily, commencing on the Third Amendment Effective Date, until the full

repayment of the Loan, and be payable, in arrears, on December 31, 2022 and on the Maturity Date.

- (b) Without limiting the foregoing, in consideration for the availability of the Additional Advances, the Borrower shall pay the following fees to the Lender: (i) on December 31, 2022, a fee equal to the difference, if any, between the aggregate amount of interest payable under the Loan pursuant to Section 4.1(a) on such date and Cdn.\$512,000, and (ii) on the Maturity Date, an additional fee equal to the difference, if any, between the aggregate amount of interest payable under the Loan pursuant to Section 4.1(a) on such date and Cdn.\$350,000 (collectively, the "Fees"). The Lender and the Borrower hereby confirm and agree that the Fees are a genuine pre-estimate of damages and not a penalty.

4.2 Interest on Overdue Amounts

In the event that any amount due hereunder (including, without limitation, any interest payment or any Fee) is not paid when due (whether by acceleration or otherwise), the Borrower shall and hereby agrees to pay to the Lender interest on such unpaid amount (including, without limitation, interest on interest or any unpaid Fee), if and to the fullest extent permitted by Applicable Law, from the date that such amount is due until the date that such amount is paid in full (but excluding the date of such payment if the payment is made before 11:00 a.m. Calgary time), and such interest shall accrue daily, be calculated and compounded on the last Business Day of each calendar month on demand, as well after as before maturity, default and judgment, at a rate equal to 10% per annum."; and

- (vi) Sections 5.1 and 5.2 of the Loan Agreement are each deleted in their entirety and replaced with the following:

"5.1 Repayment of Loan

On the Maturity Date, the Borrower shall repay the Principal Sum in full, all accrued and unpaid interest thereon and all unpaid Fees (such interest and Fees being calculated and paid in accordance with Section 4.1) and all other amounts then outstanding hereunder to the Lender.

5.2 Prepayment

At any time prior to the Maturity Date, the Borrower may prepay all (and, for greater certainty, not a portion) of the Principal Sum, together with all accrued and unpaid interest thereon and all fees hereunder (including, without limitation, all unpaid Fees), provided that the Lender shall have received no less than ten (10) Business Days' prior written notice from the Borrower of such prepayment."

- (b) **New Defined Terms:** Section 1.1 of the Loan Agreement is hereby amended by adding the following as new defined terms in their proper alphabetical order:

""**Additional Advances**" means one or more advances under the Loan made on or after the Third Amendment Effective Date in accordance with Section 3.2(b) of this Agreement;

"Corporate Transaction" means one or more transactions involving: (i) capital investments in the Borrower's business or any part thereof, (ii) joint venture or partnership opportunities, and/or, (iii) the sale of the shares of the Borrower or any other Loan Party or of their assets or any part thereof, in each case, with a view to repaying or refinancing all of the Obligations, or a portion thereof satisfactory to the Lender in its sole discretion;

"Limited Recourse Guarantor" means each shareholder of the Borrower which has provided a limited recourse guarantee pursuant to Section 6.1(e);

"SISP" has the meaning ascribed thereto in Section 8.1(m)(ii);

"Third Amendment Effective Date" means January 1, 2022;".

- (c) **Corporate Transaction:** Section 8.1 of the Loan Agreement is hereby amended by deleting the "and" at the end of Subsection (l) thereof, renumbering the current Subsection (m) thereof as a new Subsection (n) and adding the following as new Subsection (m) thereof:

"(m) **Corporate Transaction:** the Borrower shall, and shall cause each other Loan Party to, as the case may be:

- (i) provide the Lender with prompt written notice of any proposed or anticipated equity infusion, take-over, sale or other restructuring proposals or proposed Corporate Transactions including any proposal, inquiry or offer that may reasonably be expected to constitute or lead to a Corporate Transaction or any amendments to the foregoing, together with the reasonable details thereof including unredacted copies of all documents or correspondence received or provided in respect of, from or on behalf of, any Person making any such proposal, or any amendment to any of the foregoing and any additional information or particulars with respect thereto requested by the Lender;
- (ii) upon request by the Lender, in its sole discretion, pursue a formal sales and investment solicitation process (a "SISP") with the objective of, among other things, soliciting, assessing, negotiating and closing possible Corporate Transactions and thereafter deliver to the Lender reasonably detailed updates on the status and progress of such SISP on a weekly basis beginning on the applicable SISP start date and, in any case, promptly following the reasonable request of the Lender therefor; and
- (iii) upon request by the Lender, in its sole discretion, use its best efforts to consummate any one or more Corporate Transactions desired by the Lender whether or not arising from a SISP.

Without limiting the provisions of this Section 8.1(m), each Limited Recourse Guarantor covenants with the Lender to: (A) approve, consent to and accept any Corporate Transaction desired by the Lender, (B) exercise all voting and other ownership rights granted under the shares in the Borrower held by such Limited Recourse Guarantor in order to implement such Corporate Transaction including, if applicable, tendering such shares to a prospective purchaser or other third party in order to effect the same, (C) use its reasonable commercial efforts to assist the Borrower in successfully completing such Corporate Transaction including exercising all rights and remedies available to it under the

shareholders agreement among the Borrower, the Limited Recourse Guarantors and certain other shareholders of the Borrower, (D) not exercise any rights of appraisal or rights of dissent provided under any Applicable Law or otherwise in connection with any such Corporate Transaction, (E) not take any other action of any kind, directly or indirectly, which could, individually or in the aggregate, reasonably be expected to reduce the success of, or delay or interfere with, the completion of any such Corporate Transaction, (F) execute and deliver, or cause to be executed and delivered, such additional or further consents, agreements, documents, proxies, powers of attorney and other instruments and take all such other action necessary or as the Lender or the Borrower may reasonably request for the purpose of effectively carrying out any such Corporate Transaction including executing and delivering such consents, agreements, documents and other instruments with or in favour of a prospective purchaser or other third party, and (G), if so requested by the Lender, enter into and execute one or more support agreements with or in favour of the Lender acknowledging and confirming the foregoing; and".

- (d) **Maturity Date:** The reference to "September 30, 2027" in the definition of "Maturity Date" contained in Section 1.1 of the Loan Agreement is hereby deleted and replaced with "August 31, 2023".

2. General

All terms and provisions of the Loan Agreement, except as amended hereby, remain in full force and effect.

Other than as expressly set forth herein, nothing contained herein shall amend, waive, limit or otherwise affect any of the Loan Parties' or the Limited Recourse Guarantors' indebtedness, liabilities, obligations or covenants to the Lender under the Loan Documents or any provision thereof, all of which continue in full force and effect.

This letter amending agreement: (i) shall constitute a Loan Document pursuant to the Loan Agreement, (ii) shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein, and (iii) may be executed and delivered electronically and in any number of counterparts and by different parties in separate counterparts, each of which, when so executed and delivered, shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

Please confirm your acceptance of the terms and conditions set forth in this letter amending agreement by signing the receipt acknowledgement below and returning a copy of this letter amending agreement to the undersigned.

Yours truly,

ENZIO HOLDINGS LTD.

Per: 

Name: M. Bougerra

Title: President


(Signature page with Borrower and Guarantor acknowledgement follows)

Each of the Borrower and each guarantor hereby confirms its receipt of the above letter amending agreement and acknowledges and agrees to the terms set forth therein effective as of the 1st day of January, 2022.

Without limiting the foregoing, by its execution hereof, each of Jasmine Ventures Ltd. and Frondis Holdings Ltd., as a Limited Recourse Guarantor, hereby consents to and agrees to be bound by and to perform, each of the covenants which relates to such Limited Recourse Guarantor, as further set out in the Loan Agreement, as amended by the above letter amending agreement.


Borrower:

CANDRE CANNABIS INC.

Per: 
 Name: Jesse Dancy
 Title: President


Guarantor:

CALYPTRA CULTIVATION INC.


Per: 
 Name: Jesse Dancy
 Title: President

Limited Recourse Guarantors:

JASMINE VENTURES LTD.

Per: 
 Name: Jesse Dancy
 Title: President

FRONDIS HOLDINGS LTD.

Per: 
 Name: S. SVANTE
 Title: President

THIS IS **EXHIBIT "D"** REFERRED TO IN THE
AFFIDAVIT OF SVEINUNG SVARTE.

SWORN BEFORE ME THIS 27TH DAY OF
FEBRUARY, 2023.



A Commissioner for Oaths
in and for the Province of Alberta

David LeGeyt
Barrister & Solicitor

CandreCannabis Inc. - \$25.6M Credit Facility

as of December 31, 2022

Lender: Enzo Holdings Ltd.**Tranche 1**

Draw 1	11-May-18	4,500,000
Draw 2	3-Jul-18	5,000,000
Draw 3	19-Nov-18	3,500,000
Draw 4	3-Jan-19	5,600,000
		<u>18,600,000</u>
Prom Note	30-Jun-20	\$4,000,000
		<u>\$22,600,000</u>

Additional Temp Draws

27-Jan-22	\$1,500,000
22-Feb-22	\$500,000
5-Jul-22	<u>(\$2,000,000)</u> Temp Draws Repaid
	<u>\$22,600,000</u>

Credit Facility	\$25,600,000	
Interest	2%	30/360, Compounded Quarterly, commencing Jan 1, 2022
Maturity Date	31-Aug-23	

Credit Facility Opening Principal Balance

1-Jan-22 22,600,000

Month	# of Days	Draws	Loan Principal	Interest	Interest Compounded Quarterly	Principal & Interest Payments	Loan Balance	2022	
Jan	27		22,600,000	33,900.00			22,633,900.00		
Jan 27/22	3	1,500,000	24,100,000	4,016.67			24,137,916.67	Jan 2022	
Feb	22		24,100,000	29,455.56			24,167,372.23		
Feb 22/22	8	500,000	24,600,000	10,933.33			24,678,305.56	Feb 2022	
Mar	30		24,600,000	41,000.00	119,305.56		24,719,305.56	Mar 2022	Q1
Apr	30		24,600,000	41,198.84			24,760,504.40	Apr 2022	
May	30		24,600,000	41,198.84			24,801,703.24	May 2022	
Jun	30		24,600,000	41,198.84	123,596.52		24,842,902.08	June 2022	Q2
Jul	5		24,600,000	6,900.81			24,849,802.89		
July 5/22	25		22,600,000	31,726.25		(2,000,000)	22,881,529.14	July 2022	
Aug	30		22,600,000	38,071.50			22,919,600.64	Aug 2022	
Sep	30		22,600,000	38,071.50	114,770.06		22,957,672.14	Sept 2022	Q3
Oct	30		22,600,000	38,262.79			22,995,934.93	Oct 2022	
Nov	30		22,600,000	38,262.79			23,034,197.72	Nov 2022	
Dec	30		22,600,000	38,262.79	114,788.37		23,072,460.51	Dec 2022	Q4
Totals	360	2,000,000	22,600,000	472,460.51	472,460.51	(2,000,000)	23,072,460.51		

Total Aggregate Interest Payable to Dec 31, 2022 472,460.51

As of Dec 31/22

Fees	512,000.00	Section 4.1 (b) - A&R Loan Agreement Jan 1, 2022
	<u>-472,460.51</u>	Section 4.1 (a) - A&R Loan Agreement Jan 1, 2022
Fee Payable	<u><u>39,539.49</u></u>	

Total Payable as of Dec 31, 2022 512,000.00

Candre Cannabis Inc. - Mortgage Schedule

31-Dec-22

Assignment of Indebtedness to: Enzo Holdings Ltd.

Assignment Date 3-Feb-22

Mortgage Principal 584,645.24

Interest Rate 6.00% per annum

0.50% per month

Interest Payable: Calculated Monthly & paid on the last day of each month

Overdue interest - compounded monthly

Maturity Date:

Date	Mortgage Principal	# of Days	0.50% Monthly Interest	Interest Payments	Principal Payments	Overdue Interest Compounded Monthly	Mortgage Balance
3-Feb-22	584,645.24	Feb 25	2,610.02	0.00	0.00	2,610.02	587,255.26
		Mar 1 month	2,936.28	0.00	0.00	2,936.28	590,191.54
		Apr 1 month	2,950.96	0.00	0.00	2,950.96	593,142.50
		May 1 month	2,965.71	0.00	0.00	2,965.71	596,108.21
		June 1 month	2,980.54	0.00	0.00	2,980.54	599,088.75
		July 1 month	2,995.44	0.00	0.00	2,995.44	602,084.19
		Aug 1 month	3,010.42	0.00	0.00	3,010.42	605,094.61
		Sept 1 month	3,025.47	0.00	0.00	3,025.47	608,120.08
		Oct 1 month	3,040.60	0.00	0.00	3,040.60	611,160.68
		Nov 1 month	3,055.80	0.00	0.00	3,055.80	614,216.48
		Dec 1 month	3,071.08	0.00	0.00	3,071.08	617,287.56
Totals	<u>584,645.24</u>		<u>32,642.32</u>	<u>0.00</u>	<u>0.00</u>	<u>32,642.32</u>	<u>617,287.56</u>

Total Interest Feb 3 to July 31, 2022 17,438.95

Total Interest Aug 1 to Dec 31, 2022 15,203.37

Total Interest due & payable to Dec 31, 2022 32,642.32

THIS IS **EXHIBIT "E"** REFERRED TO IN THE
AFFIDAVIT OF SVEINUNG SVARTE.

SWORN BEFORE ME THIS 27TH DAY OF
FEBRUARY, 2023.



A Commissioner for Oaths
in and for the Province of Alberta

David LeGeyt
Barrister & Solicitor

GENERAL SECURITY AGREEMENT

This General Security Agreement is dated as of May 11, 2018 and is made by Candre Cannabis Inc., a corporation incorporated under the laws of Alberta and having its principal place of business in Calgary, Alberta (the "**Debtor**") in favour of Enzo Holdings Ltd., a corporation incorporated under the laws of Alberta and having its principal place of business in Calgary, Alberta (the "**Secured Party**").

NOW THEREFORE, the Debtor covenants and agrees with the Secured Party as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement terms and expressions defined in the description of the parties and Schedule "A" shall have those meanings when used herein and, unless otherwise defined herein, terms and expressions defined in the Loan Agreement shall, when used herein, have the same meanings as are ascribed to them therein.

1.2 Schedules

The Definitions contained in Schedule "A" are incorporated into and made a part of this Agreement. Any reference to a Schedule in this Agreement includes, unless the context otherwise requires, such Schedule as amended from time to time by one or more agreements supplemental hereto.

1.3 Interpretation.

The words "hereto", "hereof", "hereunder" and similar expressions mean and refer to this Agreement. In this Agreement words importing the singular number include the plural and vice versa; words importing gender include masculine, feminine and neuter; where any term or expression is defined herein, derivations of such term or expression shall have a corresponding meaning; words and terms denoting inclusiveness (such as "include" or "includes" or "including") or particularity (such as "in particular" or "such as") are, whether or not so stated, not limited by their context or by the words or phrases which precede or succeed them; references to any statute, act or other legislative enactment shall be to such statute, act or other legislative enactment as amended from time to time or replaced by a statute, act or other legislative enactment dealing with substantially the same subject matter as the statute, act or other legislative enactment so replaced; and references to any agreement, contract, document, license or other instrument shall mean and refer to such agreement, contract, document, license or other instrument as amended, modified, replaced, restated, extended, renewed or supplemented from time to time. The headings and the Article and Section titles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

ARTICLE 2 SECURITY

2.1 Security

To secure the payment, performance and final and indefeasible satisfaction in full of each and every Obligation, the Debtor hereby (subject to the exceptions contained in Sections 2.3 and 2.4):

- (a) assigns, transfers, pledges, mortgages and charges to and in favour of the Secured Party and grants to and in favour of the Secured Party a continuing first priority security interest (subject to Permitted Encumbrances arising by operation of law) in and to all of the Debtor's present and after-acquired personal property; and
- (b) mortgages and charges as and by way of a first floating charge (subject to Permitted Encumbrances arising by operation of law) to and in favour of the Secured Party the undertaking and all the property and assets, rights and things of the Debtor both present and future, legal or equitable, of which the Debtor may be possessed or to which it may be entitled or which may hereafter be acquired by the Debtor, including all its right, title, estate and interest in and to any and all real, personal or mixed property, now owned or hereafter acquired by the Debtor, and all its present and future revenues, incomes, moneys, rights, franchises, goods, wares, merchandise, inventories, materials, supplies, book debts, accounts and accounts receivable, negotiable and non-negotiable instruments, judgments, investment property, choses in action, chattel paper, shares and investments, and all other property and things of value of every kind and nature, tangible or intangible, legal or equitable and all proceeds and all products of, and all accessions to, any of the foregoing;

TO HAVE AND TO HOLD the Collateral and the Charge and all rights hereby conferred unto the Secured Party.

2.2 Attachment

The Debtor acknowledges conclusively that the Debtor and the Secured Party intend the Charge in the Collateral to attach immediately upon the execution of this Agreement, except in the case of Collateral in which the Debtor subsequently acquires rights, in which case the Charge shall attach contemporaneously with the Debtor acquiring rights therein without the need for any further or other deed, act or consideration. The Charge shall be effective and shall attach as of the date hereof whether the monies hereby secured or any part thereof shall become owing by the Debtor before or after or upon the date of execution of this Agreement. The Debtor acknowledges conclusively that value has been given.

2.3 Leases

The last day of any term reserved by any lease, oral or written, or any agreement therefor, now held or hereafter acquired by the Debtor, is hereby excepted out of the Charge and does not and shall not form part of the Collateral, but the Debtor shall stand possessed of the reversion remaining in the Debtor of any leasehold premises for the time being demised as aforesaid upon trust to assign and dispose thereof as the Secured Party shall direct and upon any sale of the leasehold premises, or any part thereof, the Secured Party, for the purpose of vesting the aforesaid reversion of any such term or any renewal thereof in any purchaser or purchasers thereof, shall be entitled by deed or writing to appoint such purchaser or purchasers or any other Person or Persons as trustee or trustees of the aforesaid reversion of any such term or any renewal thereof in the place of the Debtor and to vest same accordingly in the new trustee or trustees so appointed freed and discharged from any obligation respecting same.

2.4 Contractual Rights

In the event the validity and effectiveness of the Charge over any of the Collateral requires the consent, approval or waiver of a third person in order to be effective as against such third person, the Charge with respect to any such Collateral shall be effective as against the Debtor and all Persons other than such third person and shall be effective as against such third person when the applicable consent, approval or waiver is obtained, retroactively, to the fullest extent legally possible, to the later of the date

hereof or the date such consent, approval or waiver is obtained or becomes effective, as applicable, and until such consent, approval or waiver is obtained, the Debtor shall (subject to the other terms hereof) stand possessed of such Collateral upon trust to assign and dispose thereof as the Secured Party shall for such purposes direct.

2.5 Negative Pledge

The Debtor covenants and agrees that it will not grant, create, incur, assume or permit or suffer to exist any Security Interest upon or with respect to any of the Collateral, except for Permitted Encumbrances. The fact that the Debtor is permitted to create or suffer to exist any Permitted Encumbrance shall not, in any circumstances, be taken to constitute a subordination of the Charge to any Permitted Encumbrance, it being the intention of the Debtor and the Secured Party that the Charge shall at all times, to the maximum extent permitted by Applicable Law, rank as a first priority Security Interest in priority to Permitted Encumbrances.

2.6 Investment Property

If the Collateral at anytime includes investment property which is or is to be credited to a securities account established by the Debtor with a securities intermediary, the Debtor shall notify the Secured Party and, at the request of the Secured Party, shall and shall procure that the relevant securities intermediary shall enter into an agreement with the Secured Party which includes such terms as may be required by the Secured Party to ensure that the Secured Party has exclusive control over all investment property held in the relevant securities account following the occurrence of an Acceleration Event including, but not limited to, an agreement of the securities intermediary that it will comply with entitlement orders that are originated by the Secured Party without the further consent of the Debtor.

2.7 British Columbia Floating Charges

It is hereby confirmed that the floating charge created hereby is a floating charge within the meaning of Section 203 of the *Land Title Act* (British Columbia) and shall crystallize and become a fixed charge on specific land upon the earlier of: (a) the occurrence of an Acceleration Event, and (b) the date on which the Secured Party has made demand for payment of the Obligations.

For greater certainty, as to any specified lands located outside of the Province of British Columbia, the Secured Party may register such floating charge or any caveat, security notice or other instrument in respect thereof against such specified lands at any real property registry or other similar office and such action shall, unless the Secured Party otherwise elects in writing, only operate so as to crystallize the floating charge created hereby against, and convert such floating charge into a fixed charge on, such specified lands, and shall not operate so as to prevent the floating charge created hereby from attaching to any real property subsequently acquired by the Debtor or in which the Debtor subsequently acquires an interest.

2.8 Evergreen Grant

For the purposes of Section 13(2) of the PPSA, the Debtor hereby irrevocably acknowledges, confirms and agrees that the Charge as it relates to all future crops and growing crops shall be deemed to automatically be novated and re-granted each year on the anniversary date of this Agreement, without any further action of the Debtor or the Secured Party. For certainty, the Debtor acknowledges, confirms and agrees that such automatic renewal shall result in the Charge attaching to all future crops and growing crops (as the case may be) of the Debtor until such time as the Obligations have been fully repaid and satisfied and this Agreement is discharged by the Secured Party pursuant to Section 6.4 hereof.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties

The Debtor hereby represents and warrants to the Secured Party that:

- (a) subject to Sections 2.3 and 2.4, the Debtor has the right to mortgage the Collateral as contemplated by this Agreement; and
- (b) upon the occurrence of an Acceleration Event, the Secured Party shall be entitled to quiet possession of the Collateral, free from all Security Interests except Permitted Encumbrances.

3.2 Survival

All representations and warranties of the Debtor made in this Agreement for the benefit of the Secured Party shall survive the issuance of this Agreement and shall continue in full force and effect without time limit. The Secured Party shall be deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Secured Party at any time.

ARTICLE 4 REMEDIES

4.1 Remedies - General

Upon the occurrence of an Acceleration Event, the Secured Party may, in its absolute discretion:

- (a) exercise such rights and remedies as are provided by the PPSA with respect to the Collateral or any part thereof that constitutes personalty and all other rights and remedies recognized under Applicable Law against the Debtor or in respect of the Collateral or any part thereof for the enforcement of full payment and performance of all the Obligations;
- (b) either with or without notice, enter into and upon and take possession of all or any part of the Collateral with full power to exclude the Debtor and additionally shall have full power and authority:
 - (i) to carry on, manage and conduct the business operations of the Debtor respecting such Collateral and the power to borrow money in its own name or advance its own money for the purpose of such business operations, the maintenance and preservation of such Collateral or any part thereof and the making of such replacements thereof and additions thereto as it shall deem desirable and the payment of taxes, wages and other charges ranking in priority to the Charge; and
 - (ii) to receive the revenues, incomes, issues and profits of such Collateral and to pay therefrom the costs, charges and expenses of the Secured Party in carrying on the said business operations or otherwise, and to pay all taxes, assessments and other charges against such Collateral ranking in priority to the Charge the payment of which may be necessary to preserve such Collateral, and to apply the remainder of the monies so received in the same manner as if the same arose from a sale or realization of such Collateral;

- (c) either after entry as aforesaid or after other entries, or without any entry, sell or dispose of the Collateral, either as a whole or in separate parcels, by private contract, at public auction, by public tender, by lease or by deferred payment arrangement;
- (d) make any such sale or disposition of the Collateral either for cash or upon credit and upon such reasonable conditions as to upset or reserve bid or price and terms of payment as it may deem proper; to rescind or vary any contract or sale that may have been entered into and re-sell with or under any of the powers conferred herein; to adjourn such sale from time to time; and to execute and deliver to the purchaser or purchasers of the Collateral or any part thereof, good and sufficient deed or deeds for the same, and any such sale or disposition made as aforesaid shall be a perpetual bar at law and in equity against the Debtor and all other Persons claiming the Collateral or any part or parcel thereof, by, from, through, or under the Debtor. The Secured Party may become a purchaser at any sale of the Collateral or any part thereof;
- (e) with or without entry or sale as aforesaid, in its discretion, proceed to protect and enforce its rights under this Agreement by sale under judgment order in any judicial proceeding or by foreclosure or a suit or suits in equity or at law or otherwise whether for the specific performance of any covenant or agreement contained in this Agreement or in aid of the execution of any power granted in this Agreement or in aid of the execution of this Agreement or for the filing of such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claim of the Secured Party lodged in any bankruptcy, winding-up or other judicial proceeding, or for the enforcement of any other legal or equitable remedy as the Secured Party shall deem most effective to protect and enforce any of the rights or duties of the Secured Party; or
- (f) in lieu of appointing a Receiver as provided in Section 4.5, apply to any court or courts of competent jurisdiction for the appointment of a Receiver of the Collateral or any part thereof, with such powers as the court or courts making such appointment or appointments shall confer.

4.2 Possession

The Debtor shall on demand by the Secured Party or any Receiver, following the occurrence of an Acceleration Event, yield up possession of the Collateral or any part thereof as demanded by the Secured Party and put no obstacle in the way of, but facilitate by all legal means, the actions of the Secured Party or any Receiver and not interfere with the carrying out of the powers hereby granted to the Secured Party or any Receiver.

4.3 Judgment

The Debtor covenants and agrees with the Secured Party that, in the case of any judicial or other proceeding to enforce the Charge or any part thereof, judgment may be rendered against the Debtor in favour of the Secured Party for any amount of the Obligations, after the application to the payment thereof of the proceeds of any sale of the Collateral or any part thereof. The covenant of the Debtor to pay interest at the rate provided in any agreement giving rise to the Obligations shall not merge in any such judgment and such judgment shall bear interest at the applicable rate of the Obligations until such judgment and all interest thereon has been paid in full.

4.4 Account Debtors and Securities Intermediaries

- (a) After the occurrence of an Acceleration Event, all Persons being a debtor on an intangible or chattel paper, an obligor on an instrument or any other Person being obligated to pay any account receivable or other debt due, owing or accruing due to the Debtor shall be entitled to treat and

regard the Secured Party as the assignee and transferee from the Debtor, in the place and stead of the Debtor to receive such proceeds, accounts and other debts. After the occurrence of an Acceleration Event, the Secured Party may give notice to all or any of such Persons of the Charge and to remit all such proceeds, accounts and other debts directly to the Secured Party, whether or not the Debtor was making collections on such Collateral prior to notification by the Secured Party; and all such Persons shall be fully protected in so treating and regarding the Secured Party and shall be under no obligation to see to the application in any particular manner by the Secured Party of any such proceeds, accounts and other debts received by it. The Debtor will, at the request of the Secured Party, furnish the Secured Party with the names of all such Persons being indebted or obligated to the Debtor.

- (b) All securities intermediaries that are required to act upon entitlement orders of the Debtor are entitled to treat and regard the Secured Party as the entitlement holder, entitled in the place and stead of the Debtor to give entitlement orders. The Secured Party may give notice to each securities intermediary with whom the Debtor maintains a securities account and require each such securities intermediary to act in accordance with entitlement orders of the Secured Party in relation to the investment property held in such securities account; and all such securities intermediaries shall be fully protected in treating and regarding the Secured Party as the entitlement holder and will be under no obligation to see to the application in any particular manner by the Secured Party of any investment property of the Debtor held by the securities intermediary. The Debtor will, at the request of the Security Party, furnish the Secured Party with a list of all securities intermediaries with whom the Debtor maintains accounts together with all relevant account information.
- (c) Any money collected or received by the Secured Party pursuant to paragraph (a) or (b) above shall be applied in the manner set out in Section 4.7. The Secured Party shall not be liable or accountable for its failure to collect, realize, sell or obtain payment of accounts, chattel paper, instruments, intangibles, investment property, choses in action or rights to payment or any part thereof and shall not be bound to institute proceedings for the purpose of collecting, realizing or obtaining payment of the same or for the purpose of preserving any right to payment of the Secured Party, the Debtor or any other Person in respect thereof.
- (d) All money collected or received by the Debtor in respect of accounts, chattel paper, instruments, documents of title, intangibles, investment property, choses in action, rights to payment or other interests of the Debtor described herein shall, after the occurrence of an Acceleration Event, be held by the Debtor in trust for the absolute use and benefit of the Secured Party and shall be paid or delivered over to the Secured Party upon demand in the identical form received and, until demand, shall be held by the Debtor separate and apart from any other funds belonging to the Debtor or any other funds over which it has possession or control.

4.5 Receiver

Upon the occurrence of an Acceleration Event, the Secured Party may in its absolute discretion appoint a Receiver of the Collateral or any part thereof and upon any such appointment by the Secured Party the following provisions shall apply:

- (a) such appointment shall be made in writing signed by the Secured Party and such writing shall be conclusive evidence for all purposes of such appointment; the Secured Party may from time to time in the same manner remove any Receiver so appointed and appoint another in its stead; in making any such appointment the Secured Party shall be deemed to be acting as the attorney for the Debtor and the Debtor hereby consents to the appointment of a Receiver;

- (b) any such appointment may be limited to any part or parts of the Collateral or may extend to the whole thereof;
- (c) every Receiver may, in the discretion of the Secured Party, be vested with all or any of the powers, rights, benefits, discretions, protection and relief of the Secured Party hereunder and shall be vested with all of the powers and protections afforded to a Receiver under Applicable Law;
- (d) the Secured Party may from time to time fix the reasonable remuneration of the Receiver and direct the payment thereof, in priority to the other Obligations, out of the Collateral, the income therefrom or the proceeds thereof;
- (e) the Secured Party may from time to time require any Receiver to give security for the performance of its duties and may fix the nature and amount thereof, but the Secured Party shall not be bound to require such security;
- (f) every such Receiver may, with the consent in writing of the Secured Party, borrow money for the purpose of carrying on the business of the Debtor in respect of any part of the Collateral or for the maintenance, protection or preservation of the Collateral or any part thereof, and any Receiver may issue certificates (in this Section called "**Receiver's Certificates**"), for such sums as will in the opinion of the Secured Party be sufficient for carrying out the foregoing, and such Receiver's Certificates may be payable either to order or bearer and may be payable at such time or times as the Secured Party may consider expedient, and shall bear such interest as shall therein be declared and the Receiver may sell, pledge or otherwise dispose of the same in such manner as the Secured Party may consider advisable and may pay such commission on the sale thereof as the Secured Party may consider reasonable, and the amounts from time to time payable by virtue of such Receiver's Certificates shall at the option of the Secured Party form a charge upon the Collateral in priority to this Agreement;
- (g) every Receiver shall, regarding its acts or omissions, be deemed the agent of the Debtor, and in no event the agent of the Secured Party and the Secured Party shall not, in making or consenting to such appointment, incur any liability to any Receiver for its remuneration or otherwise howsoever;
- (h) except as may be otherwise directed by the Secured Party, all monies from time to time received by any Receiver shall be paid over to the Secured Party at the place where this Agreement is payable; and
- (i) the Secured Party may pay over to any Receiver any monies constituting part of the Collateral to the extent that the same may be applied for the purposes hereof by such Receiver and the Secured Party may from time to time determine what funds any Receiver shall be at liberty to keep on hand with a view to the performance of its duties as such Receiver.

4.6 Remedies Not Exclusive

No right, power or remedy herein conferred upon or reserved to the Secured Party or any Receiver is intended to be exclusive of any other right, power or remedy or remedies, and each and every right, power and remedy shall, to the extent permitted by Applicable Law, be cumulative and shall be in addition to every other right, power or remedy given hereunder or now or hereafter existing at law, in equity or by statute. The Secured Party shall have the power to waive any default, provided no such waiver shall be effective unless made in writing and shall not constitute a waiver of any other or subsequent default. No delay or omission of the Secured Party in the exercise of any right, power or remedy accruing upon any default shall impair any such right, power or remedy or shall be construed to be a waiver of any such default.

or an acquiescence therein. Every right, power and remedy given to the Secured Party or to a Receiver by this Agreement or under Applicable Law may be exercised from time to time and as often as may be deemed expedient by the Secured Party or such Receiver, as applicable. In case the Secured Party shall have proceeded to enforce any right under this Agreement and the proceedings for the enforcement thereof shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Secured Party, then and in every such case the Debtor and the Secured Party shall, without any further action hereunder, to the fullest extent permitted by Applicable Law, subject to any determination in such proceedings, severally and respectively, be restored to their former positions and rights hereunder and thereafter all rights, remedies and powers of the Secured Party shall continue as though no such proceeding had been taken.

4.7 Application of Proceeds

Except as herein otherwise expressly provided, the monies arising from any enforcement in whole or in part of the Charge, or from any sale or realization of the whole or any part of the Collateral, whether under sale by the Secured Party or by judicial process or otherwise, and all incomes, rents and profits of the Collateral, together with any other monies then in the hands of the Secured Party or any Receiver available for such purpose, shall be applied against the Obligations as follows:

- (a) first, to pay or reimburse to the Secured Party and any Receiver for the costs, charges, expenses, borrowings, advances and reasonable compensation of the Secured Party and such Receiver in connection with the exercise and performance of their duties hereunder, with interest thereon as herein provided;
- (b) second, in or towards payment of the other Obligations; and
- (c) third, the surplus, if any, of such monies shall be paid to whomever may be legally entitled thereto.

4.8 Power of Attorney

The Debtor hereby irrevocably constitutes and appoints the Secured Party its true and lawful attorney and agent, with full power and authority in the Debtor's name, place and stead from time to time to do all acts and things and execute and deliver all share transfers, certificates, proxies, resolutions, consents, assignments, transfers, conveyances and agreements, in such form as the Secured Party considers necessary or desirable, and to do all things which the Debtor is required to sign, execute and do hereunder if the Debtor has failed to sign, execute or do the same and generally to use the name of the Debtor in the exercise of all or any of the powers hereby conferred on the Secured Party, with full powers of substitution and revocation; provided that this power of attorney may not be exercised by the Secured Party until an Acceleration Event shall have occurred. Such appointment and power of attorney is hereby declared by the Debtor to be an irrevocable power coupled with an interest.

4.9 Deficiency

If there is any deficiency of payment in respect of the Obligations, the Debtor shall be and at all times remain liable for the payment thereof to the Secured Party.

ARTICLE 5

LIABILITIES, WAIVERS AND EXPENSES

5.1 Liability of Secured Party

Neither the Secured Party nor any Receiver shall (i) be responsible or liable for any debts contracted by it, for damages to Persons or property, for salaries or for non-fulfilment of contracts during any period when the Secured Party or any Receiver shall manage or be in possession of the Collateral; (ii) be liable to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable; (iii) be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor; or (iv) in the case of any chattel paper, security, investment property or instrument, be obligated to preserve rights against any other Persons. The Debtor hereby waives any provision of Applicable Law permitted to be waived by it which imposes higher or greater obligations upon the Secured Party or any Receiver than aforesaid.

5.2 Mandatory Provisions of Applicable Law

Subject to Section 5.3, all rights, remedies, and powers provided herein may be exercised only to the extent that the exercise thereof does not violate any mandatory provision of Applicable Law and all the provisions of this Agreement are intended to be subject to all mandatory provisions of Applicable Law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Agreement invalid, unenforceable or not entitled to be recorded, registered or filed under any mandatory provisions of Applicable Law. Subject to Section 5.3, if any mandatory provision of Applicable Law shall provide for different or additional requirements than or to those specified herein as prerequisites to or incidental to the realization, sale or foreclosure of the Charge or any part thereof, then, to that extent, such laws shall be deemed to have been set forth herein at length, and any conflicting provisions hereof shall be disregarded, and the method of realization, sale or foreclosure of the Charge required by any such laws shall, insofar as may be necessary, be substituted herein as the method of realization, sale or foreclosure in lieu of that set forth above. Any provision hereof contrary to mandatory provisions of Applicable Law shall be deemed to be ineffective and shall be severable from and not invalidate any other provision of this Agreement.

5.3 Waivers of Applicable Laws

- (a) To the extent not prohibited by Applicable Law, the Debtor hereby waives its rights, if any, under all provisions of Applicable Law that would in any manner, limit, restrict or otherwise affect the Secured Party's rights and remedies hereunder or impose any additional obligations on the Secured Party. The Debtor waives the right to receive any amount which it may now or hereafter be entitled to receive (whether by way of damages, fine, penalty or otherwise) by reason of the failure of the Secured Party to deliver to the Debtor a copy of any financing statement or any verification statement issued by any registry that confirms registration of a financing statement relating to this Agreement and the Debtor waives its right to receive a copy of such financing or verification statements.
- (b) The Debtor hereby authorizes the Secured Party to provide information to any Person who requests information under the PPSA or similar legislation and the Secured Party will not be required to investigate whether or not the inquiring Person is in fact a Person entitled to request information pursuant to the PPSA or similar legislation.
- (c) To the full extent that it may lawfully do so, the Debtor hereby:

- (i) waives and disclaims any benefit of, and shall not have or assert any right under any statute or rule of law pertaining to, the marshalling of assets or any other matter whatever, to defeat, reduce or affect the rights of the Secured Party under the terms of this Agreement to a sale of the Collateral or any part thereof or for the collection of all amounts secured hereby;
- (ii) agrees that it shall not have or assert any right or equity of redemption or any right under any statute or otherwise to redeem the Collateral or any part thereof after the completion of the sale hereunder to any Person, whether such sale is by the Secured Party, any Receiver or otherwise, notwithstanding, that the Secured Party may have purchased same;
- (iii) agrees that the *Land Contracts (Actions) Act* (Saskatchewan) shall have no application to any action (as defined in such Act) with respect to the Charge; and
- (iv) agrees that the *Limitation of Civil Rights Act* (Saskatchewan) shall have no application to:
 - (A) this Agreement or any instrument or agreement in implementation hereof;
 - (B) any Security Interest or security for the payment of money made, given or created pursuant to this Agreement or such instruments or agreements;
 - (C) any agreement or instrument entered into at any time hereafter by the Debtor renewing or extending or collateral to this Agreement; or
 - (D) the rights, powers or remedies of the Secured Party or any Receiver under any of the foregoing agreements or instruments.
- (d) The Debtor hereby agrees that any payments from insurance monies shall be applied in the manner set out in Section 4.7.

5.4 Expenses

If the Debtor fails to pay any amounts required to be paid by it under this Agreement or to observe or perform any of the covenants and obligations set forth in this Agreement to be observed or performed by it, the Secured Party and any Receiver may, but shall be under no obligation to, pay such amounts or do such acts or things as may be required to ensure such observance and performance, without waiving any of its rights under this Agreement. No such payment, act or thing by the Secured Party or any Receiver shall relieve the Debtor from any default under this Agreement or the consequences of such default. The reasonable expenses (including the cost of any insurance, environmental assessment or audit and payment of taxes or other charges and legal fees and expenses on a solicitor and his own client, full indemnity, basis) paid by the Secured Party or any Receiver in respect of the care, custody, preservation, use or operation of the Collateral, shall be deemed advanced to the Debtor by the Secured Party or such Receiver, shall become part of the Obligations, and shall, from the time they are paid by the Secured Party or such Receiver until repaid by the Debtor, bear interest at the highest rate applicable to the Obligations. In addition, the Debtor shall pay all reasonable expenses (including legal fees and expenses on a solicitor and his own client, full indemnity, basis) incurred by the Secured Party or any Receiver in connection with the preparation, perfection, execution, protection, enforcement of and advice with respect to this Agreement (including the realization, disposition, retention, protection or collection of the Collateral or any part thereof and the protection and enforcement of the rights of the Secured Party and any Receiver hereunder together with all remuneration paid to a Receiver and all costs, charges and expenses of or incidental to any receivership) and such expenses shall become part of the Obligations, and shall, from the time they are paid

by the Secured Party or such Receiver until repaid by the Debtor, bear interest at the highest rate applicable to the Obligations.

5.5 Indemnity

The Debtor will and does hereby indemnify and save harmless the Secured Party, every Receiver and their respective directors, officers, employees and agents from and against any and all liabilities, actions, claims, judgments, obligations, costs, charges or expenses, including reasonable legal fees and expenses on a solicitor and his own client, full indemnity, basis, made against or incurred by the Secured Party or any Receiver as a result of taking this Agreement, except if caused by the gross negligence or willful misconduct of the Secured Party or any Receiver. The Secured Party and every Receiver shall have the right to defend against any such liabilities, actions, claims and charges and to claim from the Debtor all expenses incurred in connection therewith, together with all reasonable legal fees and expenses on a solicitor and his own client, full indemnity, basis that may be paid in connection therewith. It is understood and agreed that the covenants and conditions of this Section shall remain in full force and effect notwithstanding the payment of the Obligations or the release of the Charge.

5.6 Environmental Indemnity

- (a) The Debtor shall forthwith on demand fully indemnify, defend and save the Secured Party, any Receiver and their respective directors, officers, employees and agents, and any of them, (in this Section any one or more or all of such persons is referred to as the "**Indemnified Party**") harmless from and against any and all indebtedness, liabilities, obligations, losses, claims, damages and expenses (including all reasonable legal fees on a solicitor and his own client, full indemnity, basis and accountant fees and expenses, court costs and all other reasonable out-of-pocket expenses) sustained, paid, incurred or suffered by the Indemnified Party arising in any manner whatsoever (except if caused by the gross negligence or willful misconduct of any Indemnified Party) out of or as a result of any Environmental Liabilities directly or indirectly relating to or affecting the Debtor or its assets and properties (all or any item or part of the foregoing indebtedness, liabilities, obligations, losses, claims, damages and expenses are referred to in this Section as a "**Loss**"). The Debtor acknowledges that the Secured Party is entering into the provisions of this Section 5.6 on its own behalf and as agent and trustee for any Receiver and the directors, officers, employees and agents of the Secured Party and any Receiver.
- (b) If any claim (in this Section referred to as a "**Claim**") shall be asserted by any person against the Indemnified Party which may give rise to a Loss, the Indemnified Party shall promptly notify the Debtor of all particulars of such Claim upon learning of same. The failure to give any such notice, however, shall not affect the Debtor's liability to indemnify the Indemnified Party unless such failure adversely and materially affects the Debtor's ability to defend, object to, oppose or contest that Claim.
- (c) The Debtor shall at all times have the right, if no Acceleration Event has occurred, but shall not be required, at its sole expense to resist, defend and compromise any Claim in the name of the Indemnified Party, by legal counsel reasonably acceptable to the Indemnified Party who will co-operate in such defence on a reasonable basis; provided that the Indemnified Party shall have the right to participate in the defence or compromise of any Claim by other legal counsel of its choosing if the Indemnified Party, acting reasonably, determines it should so participate; provided that subject to Section 5.6(d) the fees and disbursements of such other counsel shall be paid by the Debtor. Except after the occurrence of an Acceleration Event, the Debtor may effect any settlement or compromise of any Claim without the written consent of the Indemnified Party, provided it obtains a full release of such Claim for the benefit of the Indemnified Party. Notwithstanding

anything herein to the contrary, the Debtor on its own behalf must defend diligently and reasonably throughout the period while such Claim exists. If the Debtor exercises its rights under this Section 5.6, it may not, after the occurrence of an Acceleration Event, compromise or otherwise settle a Claim without the consent of the Indemnified Party suffering such Claim, which consent shall not be unreasonably withheld or delayed. The inability of the Debtor to pay such Claim in full shall constitute a sufficient reason to withhold such consent.

- (d) The Debtor shall not, in connection with any Claim in the same jurisdiction, be liable for the fees and expenses of more than one separate legal firm for the Indemnified Parties unless such representation by the same legal counsel would be inappropriate due to actual or potential differing interests or the employment thereof has been specifically authorized by the Debtor in writing and such firm or firms shall be designated in writing by the Secured Party on behalf of each Indemnified Party.

ARTICLE 6

REGISTRATION AND DISCHARGE

6.1 Composite Security Agreement

This Agreement is a composite agreement covering the Collateral of the Debtor located in various Provinces and Territories of Canada and, as to portions of the Collateral located in such separate jurisdictions, this Agreement shall be a separate security agreement enforceable against the Debtor without regard to the application of this Agreement to portions of the Collateral located in other jurisdictions. All provisions hereof shall be applicable separately to the portions of the Collateral located in each separate jurisdiction with the same effect as if a separate security agreement with respect thereto had been executed and delivered by the Debtor to the Secured Party. Upon the reasonable request of the Secured Party, the Debtor shall prepare, execute and deliver, at its expense, a separate security agreement covering the portion of the Collateral located in any such jurisdiction or jurisdictions, such separate security agreement to be substantially in the form hereof except for such modifications as shall be required by the fact that such security agreement relates only to the property of the Debtor located in such jurisdiction or jurisdictions or as may be required by the Secured Party in connection therewith.

6.2 Further Assurances

The Debtor hereby covenants and agrees that it will at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, mortgages, hypothecs, transfers, assignments and assurances as the Secured Party may reasonably require for the better assuring mortgaging, charging, transferring, assigning, granting, delivering and confirming unto the Secured Party the Collateral, or any part thereof, and for the better accomplishing and effectuating the purpose of this Agreement, including the execution and delivery of agreements supplemental hereto more particularly describing the Collateral or to correct or amplify the description of the Collateral or to better assure, convey and confirm unto the Secured Party any of the Collateral. Upon the execution of any supplemental agreement under this Section, this Agreement shall be modified in accordance therewith, and each such supplemental agreement shall form part of this Agreement for all purposes.

6.3 Registration

The Debtor shall cooperate with the Secured Party to cause this Agreement and all such supplementary and corrective instruments and all additional mortgage and security documents described in Sections 6.1 or 6.2, and all documents, caveats, security notices and financing statements in respect thereof, are promptly filed and refiled, registered and re-registered and deposited and re-deposited, in such manner,

in such offices and places, and at such times and as often as may be required by Applicable Law or as may be necessary or desirable to perfect and preserve the Charge as a first priority Security Interest and the rights conferred or intended to be conferred upon the Secured Party by the Charge.

6.4 Discharge

Upon the full, final and indefeasible payment and performance of the Obligations, this Agreement and the rights hereby granted shall, at the request of the Debtor, be terminated and thereupon the Secured Party shall at the request and at the expense of the Debtor cancel and discharge the Charge and execute and deliver to the Debtor such deeds and other instruments as shall be requisite to cancel and discharge the Charge; provided that this Agreement shall continue to be effective or be reinstated, as the case may be, if for any reason at any time any payment or performance of the Obligations, or any part thereof, is rescinded, reversed, nullified, rendered void or voidable or must otherwise be restored, refunded, returned or reimbursed by the Secured Party.

6.5 Partial Discharge

No postponement or partial release or discharge of the Charge in respect of all or any part of the Collateral shall in any way operate or be construed so as to release and discharge the Charge except as therein specifically provided, or so as to release or discharge the Debtor from its liability to the Secured Party to fully pay and satisfy the Obligations.

ARTICLE 7 MISCELLANEOUS

7.1 Additional Security

Nothing in this Agreement contained shall detract from or limit the absolute obligation of the Debtor to perform or observe any act or condition which it is required to perform or observe hereunder whether or not the Charge is operative, and the rights under this Agreement shall be in addition to and not in substitution for any other Security Interests of any and every character now or hereafter held by the Secured Party for the Obligations. The taking of any action or proceedings or refraining from so doing, or any other dealing with any other Security Interest for the obligations, shall not release or effect the Charge or any proceedings hereunder for realization and shall not release or effect any other Security Interests held by the Secured Party for the Obligations.

7.2 Third Parties

No Person dealing with the Secured Party or any Receiver shall be concerned to inquire whether the Charge (or any part thereof) has become enforceable, or whether the powers which the Secured Party or any Receiver is purporting to exercise have become exercisable, or whether any of the Obligations remain outstanding or as to the necessity or expediency of the stipulations and conditions subject to which any sale shall be made, or otherwise as to the propriety or regularity of any sale or of any other dealing by the Secured Party with the Collateral or any part thereof or to see to the application of any money paid to the Secured Party, and, in the absence of fraud on the part of such Person, such dealings shall be deemed, as regards the safety and protection of such Person, to be within the powers hereby conferred upon the Secured Party and to be valid and effective accordingly.

7.3 Severability

Any provision of this Agreement which is or becomes prohibited or unenforceable in any jurisdiction does not invalidate, affect or impair the remaining provisions hereof in such jurisdiction and any such prohibition or unenforceability in any jurisdiction does not invalidate or render unenforceable such provision in any other jurisdiction.

7.4 Amendments

No provision of the Agreement may be amended verbally and any such amendment may only be made by way of an instrument in writing signed by the Debtor and the Secured Party.

7.5 Governing Law

This Agreement is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and of Canada applicable therein. There shall be no application of any conflict of laws or rules which would result in any laws other than internal laws in force in the Province of Alberta applying to this Agreement. The Debtor hereby irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Agreement, or any of the transactions contemplated hereby, without prejudice to the rights of the Secured Party to take proceedings in other jurisdictions in which any Collateral may be situate.

7.6 Time of Essence

Time shall be of the essence of this Agreement.

7.7 Enurement

This Agreement shall be binding upon the Debtor and its successors and permitted assigns and shall enure to the benefit of the Secured Party and its successors and assigns. The Secured Party may assign its rights and obligations (if any) under this Agreement and the Loan Agreement on notice to the Debtor and the Debtor may not assign its rights and obligations under this Agreement or the Loan Agreement.

7.8 Notices

Every notice, request, demand or other communication under this Agreement shall be sent in the manner and at the address set forth in the Loan Agreement.

7.9 Receipt

The Debtor hereby acknowledges receipt of an executed copy of this Agreement.

7.10 Paramountcy

In the event of any conflict, ambiguity or inconsistency between this Agreement and the Loan Agreement, the terms of the Loan Agreement shall govern and prevail to the extent necessary to remove the conflict, ambiguity or inconsistency.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF the Debtor has issued this General Security Agreement signed by its duly authorized officers as of the date and year first above written.

CANDRE CANNABIS INC.

Per:

Name: Jesse Beaudry
Title: President & CEO

Schedule "A" attached to and forming part of a General Security Agreement dated as of May 11, 2018 given by Candre Cannabis Inc., as debtor, in favour of Enzo Holdings Ltd., as secured party

DEFINITIONS

In this Agreement:

"Acceleration Event" means demand by the Secured Party for payment of any of the Obligations (through the exercise of its option to accelerate such Obligations under the Loan Agreement) or the occurrence of an Event of Default specified in Sections 9.1(f) or 9.1(g) of the Loan Agreement, whichever occurs earlier;

"Charge" means the Security Interests created by this Agreement;

"Collateral" means the whole, or any item or part, of the property, assets, rights and undertaking of the Debtor from time to time subjected or intended to be subjected to the Charge. For greater certainty, and without limiting the generality of the foregoing, the Collateral shall include, without limitation, all harvested and unharvested crops, whether growing or matured, and whether grain, roots, seeds, leaves or otherwise, and wherever located, and any interest of the Debtor therein;

"Environmental Liabilities" means any and all obligations and liabilities for any Release, any environmental damage, any contamination or any other environmental problem caused or alleged to have been caused to any Person, property or the environment as a result of any Release or the condition of any property or asset, whether or not caused by a breach of Applicable Laws, including all obligations and liabilities arising from or related to: any surface, underground, air, groundwater, or surface water contamination; the abandonment or plugging of any well; restorations and reclamations; the removal of or failure to remove any foundations, structures or equipment; the cleaning up or reclamation of storage sites; any Release; violation of pollution standards; and personal injury (including sickness, disease or death) and property damage arising from the foregoing;

"Loan Agreement" means the loan agreement dated as of May 11, 2018 between the Debtor, as borrower, and the Secured Party, as lender, as such loan agreement may be amended, amended and restated, modified, replaced, restated or supplemented from time to time;

"Obligations" means all obligations, indebtedness, liabilities, covenants, agreements and undertakings of the Debtor to the Secured Party (including fees, expenses, costs and indemnities), present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred, and any ultimate unpaid balance thereof, including all future advances and re-advances, and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor is bound alone or with others and whether as principal or surety, in each case under or in any way connected with, arising out of or contemplated by the Loan Agreement or any other Loan Document;

"PPSA" means the *Personal Property Security Act* (Alberta), as amended from time to time; and the terms "securities intermediary", "entitlement order", "investment property", "securities account", "proceeds", "chattel paper", "intangible", "instrument", "accessions", "document of title" and "account" shall, when used herein, have the same meanings as are ascribed thereto in the PPSA; and

"Receiver" means any receiver, manager, or receiver and manager of the Collateral or any part thereof or the business and undertaking of the Debtor, or any part thereof, whether appointed by the Secured Party under this Agreement or by a court pursuant to Applicable Law and any nominee of the Secured Party or any other Person that is appointed by the Secured Party to exercise all or any of the powers, rights, benefits and discretion of the Secured Party under this Agreement.

SHARE PLEDGE

This Share Pledge dated as of May 11, 2018 is made by **CANDRE CANNABIS INC.**, a corporation incorporated pursuant to the laws of the Province of Alberta (the "**Pledgor**") in favour of **ENZIO HOLDINGS LTD.** (the "**Lender**").

NOW THEREFORE, the Pledgor covenants and agrees with the Lender as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, terms and expressions defined in the description of the parties, recitals and the Loan Agreement shall, when used herein and unless otherwise defined herein, have the same meanings as are ascribed to them therein, and:

"**Acceleration Event**" means demand by the Lender for payment of any of the Obligations (through the exercise of its option to accelerate such Obligations under the Loan Agreement) or the occurrence of an Event of Default specified in Sections 9.1(f) or 9.1(g) of the Loan Agreement, whichever occurs earlier;

"**Agreement**" means this share pledge, as amended, modified and supplemented from time to time;

"**Charge**" means the Security Interests created by this Agreement;

"**including**" means including, without limitation, and shall not be construed to limit any general statement which it follows to the specific or similar items or matters immediately following it, and "**includes**" shall be construed in a like manner;

"**Issuer**" means Calyptra Cultivation Inc., a corporation incorporated under the laws of the Province of Alberta;

"**Loan Agreement**" means the loan agreement dated May 11, 2018 among the Lender, as lender, and the Pledgor, as borrower, as such loan agreement may be amended, amended and restated, renewed, modified, restated, replaced, assigned or supplemented from time to time;

"**Obligations**" means all obligations, indebtedness, liabilities, covenants, agreements and undertakings of the Pledgor to the Lender (including fees, expenses, costs and indemnities), present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred, and any ultimate unpaid balance thereof, including all future advances and re-advances, and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Pledgor be bound alone or with others and whether as principal or surety, in each case under or in any way connected with, arising out of or contemplated by this Agreement or the Loan Agreement; and "**Obligation**" means any of them;

"**Pledged Collateral**" means, collectively:

- (a) all Pledged Securities;
- (b) all other shares and rights in the capital of the Issuer held by the Pledgor and all other investment property issued by the Issuer whether in the form of debt, equity, options, warrants or other

convertible securities, which are, will or may by any series of transactions be converted into shares in the capital of the Issuer held by the Pledgor;

- (c) all dividends (whether cash or non-cash), payments, entitlements and other distributions (including share redemption proceeds), in respect of or in exchange for the Pledged Securities, or any part thereof, and all shares or other investment property into which the Pledged Securities may be converted whether by way of amalgamation, arrangement, or other corporate reorganization or resulting from any subdivision or consolidation of the Pledged Securities; and
- (d) all replacements and substitutions for the foregoing, all certificates and other instruments representing or evidencing the foregoing, all proceeds and other property received or receivable in respect thereof, and all rights and claims of the Pledgor in respect of same;

"Pledged Securities" means all shares in the capital of the Issuer held by the Pledgor and all share certificate(s) representing such shares, being, on the date hereof, 1 Class A common share and share certificate number A-01 representing such share; and

"PPSA" means the *Personal Property Security Act* (Alberta), as amended from time to time; and the terms, "accessions", "account", "chattel paper", "documents of title", "entitlement orders", "instrument", "intangible", "investment property", "proceeds", "securities account", and "securities intermediary" shall, when used herein, have the same meanings as are ascribed thereto in the PPSA.

1.2 References

Unless something in the subject matter or context is inconsistent herewith, all references to Sections and Articles are to Sections and Articles of this Agreement. The words "hereto", "hereof", "hereunder" and similar expressions mean and refer to this Agreement. In this Agreement the singular includes the plural and vice versa; a reference to gender includes the masculine, feminine and neuter; where a term or expression is defined, derivations thereof have a corresponding meaning; references to any statute, act or other legislative enactment shall be to such statute, act or other legislative enactment as amended from time to time or replaced by a statute, act or other legislative enactment dealing with substantially the same subject matter as the statute, act or other legislative enactment so replaced; and references to any agreement, contract, document, license or other instrument shall mean and refer to such agreement, contract, document, license or other instrument as amended, modified, replaced, restated, extended, renewed or supplemented from time to time. The headings and the Article and Section titles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

ARTICLE 2 SECURITY

2.1 Security Interest

To secure the payment, performance and final and indefeasible satisfaction in full of all of the Obligations, the Pledgor hereby assigns, transfers, mortgages, pledges, and charges as and by way of a first, fixed and specific mortgage and charge to and in favour of the Lender and grants to the Lender a continuing first priority security interest (subject to Permitted Encumbrances arising by operation of law) in and to all of the Pledgor's right, title, estate and interest in and to the Pledged Collateral.

2.2 Attachment

The Pledgor acknowledges conclusively that the Pledgor and the Lender intend the Charge in the Pledged Collateral to attach immediately upon the execution of this Agreement and in the case of Pledged Collateral which subsequently becomes subject hereto, contemporaneous with the Pledgor acquiring rights therein, without the need for any further or other deed, act or consideration. The Pledgor acknowledges conclusively that value has been given.

2.3 Certificates

All certificates representing the Pledged Securities shall be delivered to the Lender as security for the payment and performance of all of the Obligations and shall be accompanied by duly executed powers of attorney/instruments of transfer in favour of the Lender in the form of Schedule "A" hereto and properly guaranteed in order to make the Pledged Securities fully negotiable.

2.4 Control Agreements

If the Pledged Collateral at any time includes investment property which is or is to be credited to a securities account established by the Pledgor with a securities intermediary, the Pledgor shall notify the Lender and, at the request of the Lender, shall, and shall procure that the relevant securities intermediary shall, enter into an agreement with the Lender which includes such terms as may be required by the Lender to ensure that the Lender has exclusive control over all investment property held in the relevant securities account following the occurrence of an Acceleration Event including, but not limited to, an agreement of the securities intermediary that it will comply with entitlement orders that are originated by the Lender without the further consent of the Pledgor.

2.5 Custody

In its custody of the Pledged Collateral, the Lender shall be bound to exercise the same degree of care as it would exercise with respect to its own securities and property. However, the Lender shall be under no obligation to take any necessary steps to preserve rights in the Pledged Collateral against any Person or exercise any rights arising in respect of the Pledged Collateral.

2.6 Additional Security

The Charge is in addition to, and not in substitution for, any other Security Interest now or hereafter held by the Lender for the Obligations. The taking of any action or proceedings or refraining from so doing, or any other dealing with any other Security Interest for the Obligations or any part thereof shall not release or affect the Charge or any proceedings hereunder for realization and shall not release or affect any other Security Interest held by or on behalf of the Lender for the Obligations.

2.7 Capital Structure Changes

If during the term of this Agreement any reclassification, consolidation, subdivision, readjustment or other change in the capital structure of the Issuer is made, or any right of conversion attached to the Pledged Collateral is exercised, then all new, substituted and additional certificates representing such ownership interests, or other investment property, issued to the Pledgor by reason of any such change or exercise shall be delivered to and be held by the Lender, together with duly executed instruments of transfer or assignment, and authorizing shareholders' or directors' resolutions, as applicable, approving the transfer shall be delivered by the Pledgor to the Lender, and all such new, substituted and additional certificates representing such ownership interests or other investment property

shall be held by the Lender under the terms of this Agreement in the same manner as the Pledged Securities.

ARTICLE 3 RIGHTS TO PLEDGED SECURITIES

3.1 Permitted Activities

At all times prior to an Acceleration Event:

- (a) the Pledgor shall be entitled to exercise all voting and/or consensual powers pertaining to the Pledged Collateral for all purposes not inconsistent with the terms of this Agreement, except that the Pledgor shall not have any right to exercise any such power if the voting action or omission to act in favour of which the Pledgor intends to exercise such power would have a material adverse effect on the financial or business condition of the Issuer, impair the Pledged Collateral or violate the provisions of this Agreement or the Loan Agreement;
- (b) the Lender shall be entitled from time to time to cause any or all of the Pledged Collateral to be transferred on the books and share or other securities registers of the Issuer, to the Lender; and with respect to the Pledged Collateral transferred as aforesaid, the Pledgor's rights in Section 3.1(a) shall only be exercised pursuant to a power of attorney and the Lender shall execute and deliver to the Pledgor a power of attorney for such purposes; and
- (c) the Pledgor shall be entitled to exercise and receive the benefit of all other rights associated with the Pledged Collateral, including the right to receive and retain any and all cash dividends, distributions, payments and entitlements on the Pledged Collateral, provided, however, that all other dividends, distributions, payments and entitlements or distributions in liquidation upon or in respect of the Pledged Collateral, or resulting from a split-up, revision or reclassification of the Pledged Collateral, or received in exchange for the Pledged Collateral, as a result of a merger, consolidation or otherwise, shall be granted to the Lender as Pledged Collateral pursuant hereto immediately upon the receipt thereof by the Pledgor.

3.2 Termination of Rights

Upon the occurrence of an Acceleration Event, the Pledgor's rights described in Section 3.1 shall automatically cease and terminate and the Lender, or its nominee, without demand or notice to the Pledgor, is hereby authorized to:

- (a) cause any or all of the Pledged Collateral to be transferred on the books and share or other securities registers of the Issuer to and in the name of the Lender or any nominee thereof;
- (b) represent the Pledgor at any meeting of the Issuer and to have the sole and exclusive right to exercise all voting, consensual powers and other rights pertaining to the Pledged Collateral, in any manner whatsoever as the Lender or its nominee holding such Pledged Collateral may in its absolute discretion determine; and
- (c) receive any and all cash dividends, distributions, payments or entitlements thereon which shall be paid or transferred directly to the Lender or its nominee as Pledged Collateral pursuant hereto immediately upon the receipt thereof by the Pledgor.

3.3 Power of Attorney

Effective upon the occurrence of an Acceleration Event, the Pledgor hereby irrevocably constitutes and appoints the Lender its true and lawful attorney and agent, with full power and authority in the Pledgor's name, place and stead from time to time to do all acts and things and execute and deliver all transfers, certificates, proxies, resolutions, consents, assignments, transfers, conveyances and agreements, in such form as the attorney considers necessary or desirable for ensuring the Pledged Collateral is effectively transferred to and vested in the Lender or any purchaser of such Pledged Collateral, to perfect, preserve and protect the Charge and to exercise the Lender's rights hereunder. Such appointment and power of attorney is hereby declared by the Pledgor to be an irrevocable power coupled with an interest.

ARTICLE 4 REMEDIES

4.1 Remedies

Upon the occurrence of an Acceleration Event, the Lender shall be entitled, at its sole option and discretion, and in addition to the rights of the Lender described in Section 3.2, to do any or all of the following:

- (a) the Lender may, without being required to give any notice to the Pledgor, sell the Pledged Collateral, or any part thereof, at public or private sale, for cash, upon credit or for future delivery and at such price or prices and on such other terms as the Lender may deem commercially reasonable, and the Lender may be the purchaser of any or all of the Pledged Collateral so sold at any such sale of the Pledged Collateral or any part thereof;
- (b) upon any such sale the Lender shall have the right to deliver, assign and transfer to the purchaser thereof the Pledged Collateral so sold; each purchaser (which shall include the Lender, if it is a purchaser) at any such sale shall hold the property sold absolutely, free from any claim or right of whatsoever kind of the Pledgor and the Pledgor hereby specifically waives, to the extent permitted by Applicable Law, all rights of redemption, stay or appraisal which it has or may have under any rule of law or statute now existing or hereafter adopted;
- (c) the Lender may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement of the time and place fixed for the sale, and such sale may be made at any time or place to which the same shall be so adjourned;
- (d) in the case of any sale of all or any part of the Pledged Collateral on credit or for future delivery, the Pledged Collateral so sold may be retained by the Lender until the selling price is paid by the purchaser thereof, but the Lender shall not incur any liability in case of the failure of such purchaser to take up and pay for the Pledged Collateral so sold and, in case of any such failure, such Pledged Collateral may again be sold upon like notice;
- (e) in the event that the Lender determines to exercise its rights to sell all or any part of the Pledged Collateral pursuant hereto, the Pledgor will, at the Pledgor's expense and upon request of the Lender, execute and deliver all such instruments and documents and do or cause to be done all such other acts and things as the Lender may reasonably request to make any sale of such Pledged Collateral valid and binding and in compliance with all Applicable Laws; and

- (f) the Lender shall be entitled to exercise such rights and remedies as are provided by the PPSA and all other rights and remedies recognized under Applicable Law against the Pledged Collateral for the enforcement of full payment and performance of the Obligations.

4.2 Application of Money

The Lender shall apply all monies received or collected from time to time by it hereunder against the Obligations as it may see fit, and otherwise in accordance with the terms of the Loan Agreement, provided that the Lender shall only be liable to account for amounts actually received by it.

4.3 Discretion

The Lender shall not be bound to exercise any of its rights herein at any particular time, realize on the Pledged Collateral, be liable or responsible for any loss or damage which may accrue by reason of any action or failure to take action in respect of the Pledged Collateral or the realization thereof or for any inability to obtain the best or most favourable price for the ownership interests.

4.4 Remedies Not Exclusive

No remedy herein conferred upon or reserved to the Lender is intended to be exclusive of any other remedy, but each and every such remedy may be exercised independently or in combination and shall be in addition to every other right and remedy in favour of the Lender hereunder or now or hereafter existing at law, in equity or by statute or pursuant to any other Loan Document. No delay or omission by the Lender in exercising any remedy shall impair any such remedy or shall be construed to be a waiver of any default hereunder or acquiescence therein.

4.5 Nominee

The Lender may appoint a nominee to exercise all or any of the powers, rights, remedies and benefits of the Lender hereunder and such nominee shall be vested with all rights, remedies, powers, benefits, discretions, protection and relief of the Lender hereunder or pursuant to Applicable Law.

4.6 Waiver of Statutory Rights

To the extent not prohibited by Applicable Law, the Pledgor hereby waives its rights, if any, under all provisions of Applicable Law that would in any manner, limit, restrict or otherwise affect the Lender's rights and remedies hereunder or under any other Loan Document to which the Pledgor is a party or impose any additional obligations on the Lender. The Pledgor waives the right to receive any financing statement or verification statement relating to this Agreement.

4.7 PPSA Shall Govern

Notwithstanding anything herein to the contrary, to the extent that the provisions of the PPSA impose obligations upon or restrict the rights or remedies of the Lender herein provided which (a) have not been waived or varied by the Pledgor herein, whether expressly or by implication, or (b) have been waived or varied herein, but are, by the provisions of the PPSA, incapable of waiver or variance by the Pledgor, the provisions of the PPSA shall govern and the affected provisions hereof shall be deemed to be amended to the extent necessary to give effect to the said provisions of the PPSA without in any way affecting any other provision or provisions herein.

4.8 Survival and Non-Merger

This Agreement shall not merge in any security or be taken to be a substitute for any Security Interest of any nature whatsoever held by or on behalf of the Lender for the Obligations. It is further agreed that the taking of this Agreement shall not operate as a merger of the remedies of the Lender for payment of the Obligations or the remedies of the Lender under any other Loan Document.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

The Pledgor represents and warrants to and in favour of the Lender that:

- (a) the Pledgor is the sole legal and beneficial owner of the Pledged Securities, free and clear of any Security Interests, voting trusts, proxies and other interests, claims or demands of every kind or nature whatsoever, except as provided in and permitted by the Loan Agreement;
- (b) there are no restrictions on the transfer of the Pledged Collateral, except for such restrictions as have been waived;
- (c) the Pledgor will not make or consent to any amendment to the articles, bylaws, shareholders' agreement (if any) or any other constating or governing document, as applicable, of the Issuer which adversely changes any of the rights, privileges, restrictions or conditions attaching to the Pledged Securities or any other issued capital of the Issuer, except as provided in and permitted by the Loan Agreement;
- (d) no Person other than the Pledgor has any absolute or contingent agreement, option, right or privilege (including, without limitation, by law, pre-emptive right, contract or otherwise) to purchase, convert into, exchange for or otherwise acquire (including on one or more conversions, exchanges or payments of money or delivery of other consideration or any combination of the foregoing) the Pledged Collateral or any part thereof, nor any agreement, option, right or privilege capable of becoming any such agreement, right, option or privilege; and
- (e) the Pledgor will ensure that the terms of any interest in a partnership or limited liability company that, at any time, forms part of the Pledged Collateral will expressly provide that such interest is a "security" for the purposes of the *Securities Transfer Act* (Alberta).

ARTICLE 6 MISCELLANEOUS

6.1 Notice

Any notice or other communication hereunder shall be in writing and shall be given and governed in accordance with the terms of the Loan Agreement in respect of notices and other communications.

6.2 Expenses

The Pledgor shall forthwith reimburse the Lender for all reasonable expenses (including legal fees and expenses on a solicitor and its own client, full indemnity, basis) incurred by the Lender in

connection with the preparation, perfection, execution, protection, enforcement of and advice with respect to this Agreement (including the realization, disposition, retention, protection or collection of the Pledged Collateral or any part thereof and the protection and enforcement of the rights of the Lender hereunder), and such expenses shall form part of the Obligations.

6.3 Time

Time shall be of the essence in this Agreement.

6.4 Further Assurances

The Pledgor agrees to do all acts and things and to make, execute and deliver all further agreements, instruments and other assurances as may reasonably be required by the Lender or reasonably recommended by its legal counsel as necessary or desirable to carry out and implement the provisions of this Agreement and/or to perfect, preserve and protect the Charge and the rights of the Lender hereunder.

6.5 Governing Law

This Agreement is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and of Canada applicable therein. There shall be no application of any conflict of laws or rules which would result in any laws other than internal laws in force in the Province of Alberta applying to this Agreement. The Pledgor hereby irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Agreement, or any of the transactions contemplated hereby, without prejudice to the rights of the Lender to take proceedings in other jurisdiction.

6.6 Invalidity

In the event that any term or provision of this Agreement shall, to any extent, be invalid or unenforceable, the remaining terms and provisions of this Agreement shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

6.7 Enurement

The Agreement and all its provisions shall enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Pledgor and its successors and permitted assigns.

6.8 No Waiver

No failure on the part of the Lender in exercising any right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy in law, by statute, equity or otherwise conferred. No waiver of any provision of this Agreement, including, without limitation, this Section, shall be effective otherwise than by an instrument in writing dated subsequent to the date hereof, executed by duly authorized representatives of the party purported to have given such waiver and then only for the particular instance for which it is so given.

6.9 Receipt of True Copy

The Pledgor hereby acknowledges receipt of an executed copy of this Agreement.

6.10 Paramountcy

In the event of any conflict, ambiguity or inconsistency between this Agreement and the Loan Agreement, the terms of the Loan Agreement shall govern and prevail to the extent necessary to remove the conflict, ambiguity or inconsistency.

6.11 Termination

The Pledgor and the Pledged Collateral shall not be discharged from the Charge or from this Agreement except by written release and discharge signed by the Lender or automatically upon all of the Obligations being indefeasibly repaid, paid, satisfied or discharged in full, as the case may be, and the cancellation of the Loan.

[signature page follows]

IN WITNESS WHEREOF the Pledgor has executed this Share Pledge as of the date and year first above written.

CANDRE CANNABIS INC.

Per: _____

Name:

Title:


Jesse Beaudry
President & CEO

SCHEDULE "A"

FORM OF POWER OF ATTORNEY

[NTD: a separate POA will be required for each Share Certificate.]

Reference is made to [●] [common]/[preferred] shares (the "**Securities**") in the capital of Calyptra Cultivation Inc., a corporation incorporated under the laws of Alberta (the "**Issuer**") represented by certificates no(s). _____.

FOR VALUE RECEIVED, pursuant to the Share Pledge dated as of [●], 2018, as amended, amended and restated, modified, replaced, restated or supplemented from time to time, the undersigned hereby:

1. sells, assigns and transfers unto _____ the aforementioned Securities standing in the name of the undersigned on the books of the Issuer; and
2. irrevocably constitutes and appoints _____ the Attorney(s) of the undersigned to complete the foregoing transfer and/or any transfer on the transfer panel of the respective certificates representing such Securities and to transfer the said Securities on the books of the Issuer, with full power of substitution in the premises.

DATED effective this ____ day of _____.

CANDRE CANNABIS INC.

Per: _____
Authorized Signatory

ASSIGNMENT OF MATERIAL CONTRACTS

This Assignment of Material Contracts (this "**Agreement**") is dated effective as of May 11, 2018 and is made by Candre Cannabis Inc. (the "**Assignor**") in favour of Enzo Holdings Ltd. (the "**Assignee**").

WHEREAS the Assignor, as borrower, has entered into a loan agreement dated as of May 11, 2018 with the Assignee, as lender, pursuant to which, *inter alia*, the Assignee has agreed to make a term credit facility available to the Assignor (as such loan agreement may be amended, amended and restated, modified, replaced, restated or supplemented from time to time, the "**Loan Agreement**");

AND WHEREAS, in order to secure its Obligations to the Assignee under the Loan Agreement, the Assignor has agreed to, *inter alia*, assign to the Assignee all of its rights, benefits and interests in, to and under each of the contracts set forth in Schedule "A" hereof (collectively, and as amended, amended and restated, modified, replaced, restated or supplemented from time to time, as permitted hereby, the "**Contracts**" and each, a "**Contract**").

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Assignor covenants and agrees with the Assignee as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions and Rules of Interpretation

In this Agreement, capitalized terms used and not otherwise defined herein shall have the meaning ascribed thereto in the Loan Agreement, and:

- (a) "**Acceleration Event**" means demand by the Assignee for payment of any of the Obligations (through the exercise of its option to accelerate such Obligations under the Loan Agreement) or the occurrence of an Event of Default specified in Sections 9.1(f) or 9.1(g) of the Loan Agreement, whichever occurs earlier;
- (b) "**PPSA**" means the *Personal Property Security Act* (Alberta), as amended from time to time; and the terms "proceeds", "intangible", "instrument", "accessions" and "account" shall, when used herein, have the same meanings as are ascribed thereto in the PPSA; and
- (c) "**Receiver**" means any receiver, manager, or receiver and manager of the Collateral (as defined below) or any part thereof or the business and undertaking of the Assignor, or any part thereof, whether appointed by the Assignee under this Agreement or by a court pursuant to Applicable Law and any nominee of the Assignee or any other Person that is appointed by the Assignee to exercise all or any of the powers, rights, benefits and discretion of the Assignee under this Agreement.

All rules of interpretation set out in the Loan Agreement are hereby expressly incorporated in this Agreement.

ARTICLE 2 ASSIGNMENT

2.1 Assignment of Assignor's Rights

The Assignor hereby:

- (a) mortgages, pledges and charges, as and by way of a fixed specific mortgage, pledge and charge, to and in favour of the Assignee, all of the Assignor's real and immovable property described in Schedule "B" hereof (collectively, the "**Real Property**");
 - (b) assigns and transfers to the Assignee, as and by way of security, all of its rights, benefits and interests, and grants to and in favour of the Assignee a first priority security interest (subject to Permitted Encumbrances arising by operation of law) in, to and under: (i) each Contract (other than, for greater certainty, the Real Property subject to the fixed charge set forth in paragraph 2.1(a) above), (ii) all monies, accounts, debts, dues, demands, claims, judgments and other sums now or hereafter payable to or receivable by the Assignor under or in respect of each Contract (such monies, debts and other sums being hereinafter collectively called the "**Debts**"), (iii) the benefit of all security, agreements, permissions, approvals, consents and licences granted to the Assignor under each Contract, whether governmental or otherwise, and of all guarantees, covenants, terms, conditions, representations and warranties made or expressed therein or implied by law in relation thereto, and (iv) all rights granted to the Assignor under each Contract to give consents or approvals, make selections, exercise options, participate in arbitration or other legal proceedings, give notices and declare defaults thereunder (collectively, the "**Assigned Rights**"); and
 - (c) all proceeds and all renewals thereof, accessions thereto and substitutions therefor,
- (collectively, the "**Collateral**").

The security interest granted hereunder does not and will not extend to, and the Collateral will not include, any agreement, right, franchise, intellectual property, license or permit (the "**Contractual Rights**") to which the Assignor is a party or of which the Assignor has the benefit, to the extent that the creation of such security interest would constitute a breach of the terms of or permit any Person or entity to terminate the Contractual Rights, but such Assignor will hold its interest therein in trust for the Assignee to the extent permitted by Applicable Laws and will assign such Contractual Rights to the Assignee by way of security forthwith upon obtaining the consent of the other party or parties thereto.

2.2 Assignee's Power

Upon the occurrence of an Acceleration Event, the Assignor expressly acknowledges that the Assignee, as absolute assignee and transferee, may, in its absolute power and discretion, to the exclusion of the Assignor:

- (a) exercise all or part of the rights in respect of the Collateral to which the Assignor is or may hereafter be entitled and realize, demand, recover, sue for, collect, enforce, sell, deal with and receive all the Debts on such terms, in such manner, and at such times as the Assignee may in its absolute discretion deem advisable; and
- (b) sign, execute and deliver good and sufficient receipts, acquittances and discharges therefor with full power and authority to compound, compromise, settle, adjust, grant extensions, take and give

up securities and grant releases and discharges on such terms, in such manner and at such times as the Assignee may in its absolute discretion determine.

This Agreement shall not impair or diminish any obligation of the Assignor or any other party or parties under any Contract, and no obligation or liability arising under any Contract shall be imposed upon or incurred by the Assignee by virtue of this Agreement.

2.3 Obligations Secured

This Agreement is given as general and continuing collateral security for the performance and final and indefeasible satisfaction in full of each of the Obligations. Without limiting the foregoing, the Assignor hereby further acknowledges and agrees that the Real Property is mortgaged, pledged and charged as collateral security for all Obligations, up to the principal amount of \$25,000,000.00.

2.4 Trust Funds

Upon the occurrence of an Acceleration Event, all monies and other proceeds received by the Assignor from the collection of the Debts or any of them shall constitute trust funds and be received and held in trust for the Assignee, and shall be forthwith paid over or delivered to the Assignee, provided that the Assignee shall only be accountable for such monies to the extent actually received by it. The Assignee shall apply such monies against any of the Obligations in any manner or order as the Assignee may determine in its sole discretion.

2.5 Consents

If the validity and effectiveness of the Security Interests created by this Agreement over any Contract or any Assigned Rights thereunder is dependent upon obtaining the consent, approval or waiver of any counterparty to such Contract, the Assignor shall use its commercially reasonable efforts following a written request from the Assignee to deliver, in favour of the Assignee, a consent and acknowledgement to this Agreement, from each such counterparty, to the transfer to any third party who may acquire the Assignor's rights as a result of the Assignee's exercise of its remedies hereunder and such consent shall be in form and substance satisfactory to the Assignee.

2.6 Termination

This Agreement shall terminate upon the full and final satisfaction of the Obligations and the termination of the Loan Agreement (and the Assignor's obligations thereunder), and upon such termination, all the rights and benefits of the Assignor assigned hereby shall automatically be reassigned from the Assignee to the Assignor.

ARTICLE 3 REPRESENTATIONS, WARRANTIES AND COVENANTS

3.1 Representations and Warranties

The Assignor represents and warrants to and in favour of the Assignee that:

- (a) the Assignor has not performed any act or executed any other instrument which might prevent the Assignor from complying with the terms and conditions of any Contract;

- (b) each Contract is now in full force and effect and there is no default or dispute now existing thereunder and no Contract has been amended; and
- (c) the Assignor has delivered to the Assignee a true copy of each Contract.

3.2 Covenants

Subject to the provisions of the Loan Agreement (including the assignment provisions of Article 11 thereof), the Assignor hereby covenants to and in favour of the Assignee that:

- (a) without the prior written consent of the Assignee, it shall not make any modification, amendment or waiver (unless administrative or not otherwise material in nature) to, nor terminate, any Contract or any of its rights thereunder, or assign or transfer any Contract, or any of its rights thereunder, or grant or permit any party to grant any licence or concession in connection therewith (any such attempted modification, amendment, termination, assignment, transfer, grant, licence or concession without the prior written consent of the Assignee shall be null and void) or make or accept any prepayment of the Debts to become due under any Contract;
- (b) notwithstanding any modification of the terms of the Obligations, or any extension of time for payment or performance thereunder or any release of any part of the security therefor, this Agreement shall continue in effect in accordance with its terms;
- (c) it will not subordinate, assign, transfer or encumber (other than in respect of Permitted Encumbrances) its interest in any Contract;
- (d) it shall, at all times, observe and perform all of its material obligations under each Contract;
- (e) it shall promptly inform the Assignee of any default which occurs under any Contract after it shall learn of same;
- (f) if so requested by the Assignee, it shall enforce all remedies available to it to the extent provided for under each Contract; and
- (g) it shall from time to time execute and deliver any notices and other instruments reasonably required by the Assignee for the purpose of allowing the Assignee to register its interest in this Agreement in order to (i) maintain and preserve the Security Interest created by this Agreement, (ii) perfect, publish notice of or protect the validity of this Agreement; and (iii) preserve the rights of the Assignee in this Agreement against the claims and interests of all third parties.

3.3 Power of Attorney

The Assignor hereby irrevocably constitutes and appoints the Assignee its true and lawful attorney and agent in respect of the Collateral, with full power and authority in the Assignor's name, place and stead from time to time to do all acts and things and execute and deliver all share transfers, certificates, proxies, resolutions, consents, assignments, transfers, conveyances and agreements, in such form as the Assignee considers necessary or desirable in respect of each Contract, and to do all things which the Assignor is required to sign, execute and do hereunder in respect of each Contract if the Assignor has failed to sign, execute or do the same and generally to use the name of the Assignor in the exercise of all or any of the powers hereby conferred on the Assignee, with full powers of substitution and revocation; provided that this power of attorney may not be exercised by the Assignee until an Acceleration Event shall have

occurred. Such appointment and power of attorney is hereby declared by the Assignor to be an irrevocable power coupled with an interest.

ARTICLE 4 MISCELLANEOUS

4.1 Notice

Any notice or other document required or permitted by the provisions of this Agreement shall be given in the manner set forth in the Loan Agreement.

4.2 No Obligations

The Assignee shall not be: (a) obligated to exercise any of the Assigned Rights or to perform or discharge any obligation, duty or liability arising under any Contract, or (b) liable or responsible for any loss or damage which may accrue by reason of any action or failure to take action in respect of any of the Collateral.

4.3 Additional Security

Nothing in this Agreement contained shall detract from or limit the absolute obligation of the Assignor to perform or observe any act or condition which it is required to perform or observe hereunder, and the rights under this Agreement shall be in addition to and not in substitution for any other Security Interests of any and every character now or hereafter held by the Assignee for the Obligations. The taking of any action or proceedings or refraining from so doing, or any other dealing with any other Security Interest for the obligations, shall not release or effect the Security Interests created hereby or any proceedings hereunder for realization and shall not release or effect any other Security Interests held by the Assignee for the Obligations.

4.4 Security Registrations

The Assignee may, at any time and from time to time, register or cause to be registered this Agreement (or a caveat or other notice in respect thereof) against title to any or all of the Real Property. Upon request by the Assignee, the Assignor shall assist the Assignee to ensure that this Agreement and all such supplementary and corrective instruments and all additional mortgage and security documents and all documents, caveats, cautions, memorials, security notices and financing statements in respect thereof, are promptly filed and refiled, registered and re-registered and deposited and re-deposited, in such manner, in such offices and places, and at such times and as often as may be required by Applicable Law or as may be necessary or desirable to perfect and preserve the Security Interests created hereby and the rights conferred upon the Assignee hereunder. The Assignor shall, forthwith on demand being made by the Assignee, pay all reasonable fees, costs and expenses incurred by the Assignee or its agents in connection with the filing, re-filing, registering, re-registering, depositing and re-depositing of this Agreement and all such supplementary and corrective instruments and all additional mortgage and security documents. The fees, costs and expenses incurred by the Assignee or its agents hereunder shall be secured hereby and shall become part of the Obligations.

4.5 Third Parties

No Person dealing with the Assignee, any Receiver or either of their respective agents shall be concerned to inquire whether the Security Interest purported to be created hereby (or any part thereof) has become enforceable, or whether the powers which the Assignee or any Receiver is purporting to

exercise have become exercisable, or whether any of the Obligations remain outstanding or as to the necessity or expediency of the stipulations and conditions subject to which any sale shall be made, or otherwise as to the propriety or regularity of any sale or of any other dealing by the Assignee with the Collateral or any part thereof or to see to the application of any money paid to the Assignee, and, in the absence of fraud on the part of such Person, such dealings shall be deemed, as regards the safety and protection of such Person, to be within the powers hereby conferred upon the Assignee and to be valid and effective accordingly.

4.6 Severability

Any provision of this Agreement that is or becomes prohibited or unenforceable in any jurisdiction does not invalidate, affect or impair the remaining provisions hereof in such jurisdiction and any such prohibition or unenforceability in any jurisdiction does not invalidate or render unenforceable such provision in any other jurisdiction.

4.7 Amendments

No provision of this Agreement may be amended verbally and any amendment hereto may only be made by way of an instrument in writing signed by the Assignor and the Assignee.

4.8 Governing Law

This Agreement is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and of Canada applicable therein. There shall be no application of any conflict of laws or rules which would result in any laws other than internal laws in force in the Province of Alberta applying to this Agreement. The Assignor hereby irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Agreement, or any of the transactions contemplated hereby, without prejudice to the rights of the Assignee to take proceedings in other jurisdictions in which any Collateral may be situate.

4.9 Time of Essence

Time shall be of the essence in this Agreement.

4.10 Enurement

This Agreement shall be binding upon the Assignor and its successors and permitted assigns and shall enure to the benefit of the Assignee, any Receiver and their respective successors and assigns. The Assignee may assign its rights and obligations (if any) under this Agreement on notice to the Assignor, but the Assignor may not assign its rights or obligations under this Agreement.

4.11 Receipt

The Assignor hereby acknowledges receipt of an executed copy of this Agreement.

4.12 Execution and Delivery

This Agreement may be executed in several counterparts and by facsimile or other electronic means, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument, which shall be sufficiently evidenced by any such original counterpart and notwithstanding their date of execution shall be deemed to be dated the date of this Agreement.

[signature page follows]

IN WITNESS WHEREOF this Assignment of Material Contracts has been executed as of the date and year first above written.

CANDRE CANNABIS INC.

Per: _____

Name: _____

Title: _____

Jesse Beaudry

President & CEO

Schedule "A" attached to and forming part of an Assignment of Material Contracts dated as of May 11, 2018 given by Candre Cannabis Inc. in favour of Enzo Holdings Ltd.

CONTRACTS

1. Software Proposal for Candre Cannabis Inc. (including attached Terms and Conditions and Professional Services Agreement) dated August 21, 2017 between Ample Organics Inc. and Candre Cannabis Inc.
2. Security Systems Design Proposal (including attached Terms & Conditions) dated November 16, 2017 between Paladin Technologies and Candre Cannabis Inc.
3. Services Agreement dated November 30, 2017 between John Simon & Associates Ltd. and Candre Cannabis Inc.
4. Offer to Lease dated March 5, 2018 between 582286 Alberta Ltd. and Candre Cannabis Inc.
5. Professional Services Agreement dated January 16, 2018 between Paramount Structures Inc. and Candre Cannabis Inc.
6. Professional Services Agreement dated February 8, 2018 between Paramount Structures Inc. and Candre Cannabis Inc.
7. Option to Purchase made effective as of May 11, 2018 between Strathmore Lakes Estates Ltd., as vendor, and Candre Cannabis Inc., as purchaser, relating to certain lands legally described as Plan 8910920, Lot 27, containing 8.66 hectares (21.4 acres) more or less, as more particularly described therein.
8. Option to Purchase made effective as of May 11, 2018 between Strathmore Lakes Estates Ltd., as vendor, and Candre Cannabis Inc., as purchaser, relating to certain lands legally described as: Plan 0214333, Block 3, Lot 1, containing 2 hectares (4.94 acres) more or less, as more particularly described therein.

**Schedule "B" attached to and forming part of an Assignment of Material Contracts dated as of
May 11, 2018 given by Candre Cannabis Inc. in favour of Enzo Holdings Ltd.**

REAL PROPERTY

Parcel 1

PLAN 8910920
 LOT 27
 CONTAINING 8.66 HECTARES (21.4 ACRES) MORE OR LESS
 EXCEPTING THEREOUT: HECTARES (ACRES) MORE OR LESS

A) PLAN 0211870 - SUBDIVISION	2.35	5.81
B) PLAN 1310317 - SUBDIVISION	2.45	6.05
C) PLAN 1312458 - SUBDIVISION	0.493	1.22
D) PLAN 1510096 - SUBDIVISION	0.302	0.746
E) PLAN 1511621 - SUBDIVISION	0.604	1.49
F) PLAN 1810863 - SUBDIVISION	0.936	2.313

EXCEPTING THEREOUT ALL MINES AND MINERALS

Parcel 2

PLAN 0214333
 BLOCK 3
 LOT 1
 CONTAINING 2 HECTARES (4.94 ACRES) MORE OR LESS
 EXCEPTING THEREOUT:

PLAN	NUMBER	HECTARES	(ACRES) MORE OR LESS
ROAD	1512635	0.019	0.05

EXCEPTING THEREOUT ALL MINES AND MINERALS

FIRST AMENDMENT TO ASSIGNMENT OF MATERIAL CONTRACTS

This First Amendment to Assignment of Material Contracts (this "**Amending Agreement**") is dated effective as of November 12, 2019 and is made between Candre Cannabis Inc. (the "**Assignor**") and Enzo Holdings Ltd. (the "**Assignee**").

WHEREAS the Assignor executed an Assignment of Material Contracts in favour of the Assignee dated effective as of May 11, 2018 (the "**Existing Assignment**");

AND WHEREAS the Assignee and the Assignor wish to amend the Existing Assignment by amending the description of the Contracts set out in Schedule "A" thereof.

NOW THEREFORE, in consideration of the premises and in consideration of the Assignee continuing to make accommodations available to the Assignor under the Loan Agreement, the Assignor hereby covenants and agrees with the Assignee as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Amending Agreement, including any preamble and recitals, unless there is something in the subject matter or context inconsistent therewith, capitalized terms and expressions (including the singular and plural form and derivatives thereof) defined in the Existing Assignment shall, when used herein and unless otherwise defined herein, have the same meanings as are ascribed to them therein.

1.2 Interpretation

The words "hereto", "hereof", and similar expressions mean and refer to this Amending Agreement and not to any particular Section or other portion hereof and include any agreements supplemental hereto. The headings and the Article and Section titles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Amending Agreement.

ARTICLE 2 AMENDMENTS AND CONFIRMATIONS

2.1 Amendments

The Existing Assignment is hereby amended and supplemented by deleting Schedule "A" thereof in its entirety and replacing it with Schedule "A" attached hereto.

2.2 Confirmation of Existing Assignment

The Existing Assignment, and all covenants, terms and provisions thereof, except as expressly amended and supplemented by this Amending Agreement, shall be and continue to be in full force and effect. The Existing Assignment, as amended and supplemented hereby, is hereby ratified and confirmed and shall, from and after the date hereof, continue in full force and effect.

ARTICLE 3 MISCELLANEOUS

3.1 Severability

Any provision of this Amending Agreement which is or becomes prohibited or unenforceable in any jurisdiction does not invalidate, affect or impair the remaining provisions hereof in such jurisdiction and any such prohibition or unenforceability in any jurisdiction does not invalidate or render unenforceable such provision in any other jurisdiction.

3.2 Governing Law

This Amending Agreement is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and of Canada applicable therein. There shall be no application of any conflict of laws or rules which would result in any laws other than internal laws in force in the Province of Alberta applying to this Amending Agreement. The Assignor hereby irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Amending Agreement, or any of the transactions contemplated hereby, without prejudice to the rights of the Assignee to take proceedings in other jurisdictions in which any Collateral may be situate.

3.3 Counterparts

This Amending Agreement may be executed by one or more of the parties to this Amending Agreement in several counterparts and by facsimile or other electronic means, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument, which shall be sufficiently evidenced by any such original counterpart and notwithstanding their date of execution shall be deemed to be dated the date of this Amending Agreement.

[signature page follows]

IN WITNESS WHEREOF the parties hereto have executed this First Amendment to Assignment of Material Contracts as of the date and year first above written.

The Assignor:

CANDRE CANNABIS INC.

The Assignee:

ENZIO HOLDINGS LTD.

Per: _____

Name: _____

Title: _____

[Handwritten signature]
[Handwritten signature]
[Handwritten signature]

Per: _____

Name: _____

Title: _____

IN WITNESS WHEREOF the parties hereto have executed this First Amendment to Assignment of Material Contracts as of the date and year first above written.

The Assignor:

CANDRE CANNABIS INC.

The Assignee:

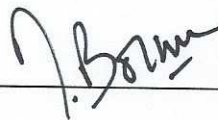
ENZIO HOLDINGS LTD.

Per: _____

Name:
Title:

Per: _____

Name:
Title:



SCHEDULE "A"
CONTRACTS

1. Software Proposal for Candre Cannabis Inc. (including attached Terms and Conditions and Professional Services Agreement) dated August 21, 2017 between Ample Organics Inc. and Candre Cannabis Inc.
2. Security Systems Design Proposal (including attached Terms & Conditions) dated November 16, 2017 between Paladin Technologies and Candre Cannabis Inc.
3. Services Agreement dated November 30, 2017 between John Simon & Associates Ltd. and Candre Cannabis Inc.
4. Offer to Lease dated March 5, 2018 between 582286 Alberta Ltd. and Candre Cannabis Inc.
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6. Professional Services Agreement dated February 8, 2018 between Paramount Structures Inc. and Candre Cannabis Inc.
7. Option to Purchase made effective as of May 11, 2018 between Strathmore Lakes Estates Ltd., as vendor, and Candre Cannabis Inc., as purchaser, relating to certain lands legally described as Plan 8910920, Lot 27, containing 8.66 hectares (21.4 acres) more or less, as more particularly described therein.
8. Option to Purchase made effective as of May 11, 2018 between Strathmore Lakes Estates Ltd., as vendor, and Candre Cannabis Inc., as purchaser, relating to certain lands legally described as: Plan 0214333, Block 3, Lot 1, containing 2 hectares (4.94 acres) more or less, as more particularly described therein.
9. ATCOenergy Energy Purchase Agreement (EPA) dated July 10, 2018 between ATCO Energy Ltd. and Candre Cannabis Inc., as amended by an Amending Letter dated April 12, 2019.
10. CCDC2 Stipulated Price Contract (re: Candre's Calyptra Project) dated as of May 30, 2019 between Candre Cannabis Inc. and Epic Roofing & Exterior Commercial Ltd..

COLLATERAL MORTGAGE

CANDRE CANNABIS INC. (the "**Mortgagor**") having an address at 202, 279 Midpark Way SE, Calgary, Alberta T2X 1M2, being registered owner of an estate in fee simple, subject to registered encumbrances, liens and interests, if any, in all that piece of land described as follows:

PLAN 1810863
BLOCK 3
LOT 8
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.936 HECTARES (2.31 ACRES) MORE OR LESS

(the "**Lands**"), IN CONSIDERATION OF the premises herein and other valuable consideration, the receipt and sufficiency of which is acknowledged, hereby covenants with ENZIO HOLDINGS LTD. (the "**Mortgagee**"), having an office at 840, 517 - 10 Avenue SW, Calgary, Alberta T2R 0A8 (the "**Mortgagee's Address**"), as follows:

- (1) **Charging Clause:** The Mortgagor hereby encumbers, mortgages and charges the Lands and each and every building and improvement on the Lands (the "**Premises**") which now or hereafter may be erected thereon (the Lands and the Premises being hereinafter referred to as the "**Mortgaged Property**") with payment of:
 - (a) the Liabilities (as hereinafter defined), excluding any portion thereof constituting interest or constituting Enforcement Obligations (as hereinafter defined), up to the amount of TWENTY FIVE MILLION DOLLARS (\$25,000,000);
 - (b) the Enforcement Obligations; and
 - (c) interest payable on the Liabilities calculated at the rate and in the manner specified herein or in the instrument or other agreement creating or evidencing the obligation to pay such interest.

"Enforcement Obligations" means all amounts payable hereunder which are stated to constitute Enforcement Obligations.

"Liabilities" means all amounts owing to the Mortgagee from time to time under or pursuant to the terms of a loan agreement dated May 11, 2018 between the Mortgagor and the Mortgagee (including, without limitation, all principal, interest and fees payable thereunder), as the same may have been or may be amended, restated, replaced, supplemented or otherwise modified from time to time (the "**Loan Agreement**") and all indebtedness, liabilities and obligations of the Mortgagor to the Mortgagee (which includes for greater certainty all Enforcement Obligations) whether present or future, direct or indirect, absolute or contingent, matured or not, and whether incurred or arising before, during or after the time that the Mortgagor is the owner of the Mortgaged Property, and whether arising within or outside Canada, and whether incurred by or arising from any agreement or dealing between the Mortgagee and the Mortgagor or by or from any agreement or dealing with any third party by which the Mortgagee may be or become in any manner whatsoever a creditor of the Mortgagor, or however otherwise incurred or arising, and whether the Mortgagor be bound alone or with another or others, and whether as principal, guarantor or surety.

- (2) **Liabilities:** These presents are given and taken as general and continuing collateral security to secure payment of the Liabilities and this mortgage shall obtain priority for all Liabilities notwithstanding that at any time or from time to time there may not be any Liabilities then outstanding. The Mortgagor agrees to pay to the Mortgagee each and every amount, indebtedness, liability and obligation forming part of the Liabilities in the manner agreed to in respect of such amount, indebtedness, liability or obligation. Any future or contingent Liability that does not constitute a debt or loan shall accrue and be payable upon the satisfaction of any applicable condition or contingency which is specified in the agreement or dealing creating such Liability or upon the satisfaction of any other condition or contingency which may be applicable to making a determination of whether such Liability is accrued and payable. The accounts and records of the Mortgagee shall, in the absence of manifest error, constitute prima facie evidence of the amount of Liabilities outstanding

and owing from time to time by the Mortgagor to the Mortgagee. Unless otherwise specified herein or in an instrument or other agreement creating or evidencing an obligation to pay interest on the Liabilities, the Mortgagor shall pay to the Mortgagee interest on the amount of the Liabilities outstanding from time to time for the period commencing on the date of demand for payment thereof until paid, such interest to be calculated at a rate of twenty percent (20%) per annum or such other rate of interest as may be stipulated by the provisions of the Loan Agreement or determined with reference thereto, calculated and payable monthly not in advance, both before and after default and judgment, with interest on overdue interest at the rate aforesaid.

- (3) **Enforcement Obligations:** All Enforcement Obligations shall be payable by the Mortgagor to the Mortgagee upon demand therefor by the Mortgagee to the Mortgagor together with interest thereon from the date such Enforcement Obligations become due and payable until paid, calculated at a rate of twenty percent (20%) per annum or such other rate of interest as may be stipulated by the provisions of the Loan Agreement or determined with reference thereto, calculated and payable monthly not in advance, both before and after maturity, default and judgment, with interest on overdue interest at the rate aforesaid.
- (4) **No Merger:** Neither the granting of this mortgage nor any proceeding taken hereunder or with respect hereto or under any securities or evidences of securities taken by the Mortgagee, nor any judgment obtained in such proceeding, shall operate as a merger of the Liabilities or of any simple contract debt or in any way suspend payment of, affect or prejudice the rights, remedies or powers, legal or equitable, which the Mortgagee may hold in connection with the Liabilities and any securities which may be taken by the Mortgagee in addition to, by way of renewal of, or in substitution for any present or future bill, promissory note, obligation or security evidencing the Liabilities or a part thereof, or be deemed a payment or satisfaction of the Liabilities or any part thereof or merger therein and any right reserved to the Mortgagee under any document may be exercised by the Mortgagee concurrently or consecutively with or to any other rights reserved to it.
- (5) **Further Covenants:** The Mortgagor further covenants with the Mortgagee that the Mortgagor:
 - (a) has a good title to the Mortgaged Property;
 - (b) has the right to mortgage the Mortgaged Property and that on default the Mortgagee shall have quiet possession of the Mortgaged Property free from all encumbrances, other than Permitted Encumbrances (as defined in the Loan Agreement);
 - (c) will execute such further assurances of the Mortgaged Property as may be requisite; and
 - (d) has done no act to encumber the Mortgaged Property, except for Permitted Encumbrances.
- (6) **Covenants:** The Mortgagor further covenants with the Mortgagee that:
 - (a) **Insurance:** The Mortgagor will forthwith insure and during the continuance of this mortgage keep insured in favour of the Mortgagee against loss or damage by the perils of fire and such other perils as the Mortgagee may require, the Premises, both during erection and thereafter, for a total amount not less than the lesser of the replacement cost of the Premises and the amount of the Mortgagee's interest therein, with an insurance company and under policies satisfactory to the Mortgagee; and each policy of insurance shall provide that every loss shall be payable to the Mortgagee as its interest may appear in accordance herewith, subject to a standard form of mortgage clause approved by the Mortgagee; and each policy of insurance shall provide that the Mortgagee shall receive at least thirty (30) days prior written notice of any cancellation or material alteration thereof; and the Mortgagor will forthwith assign, transfer and deliver to the Mortgagee the policies of insurance and all renewal receipts pertaining thereto; and no insurance will be carried on the Premises other than such as is made payable to the Mortgagee in accordance with the provisions of this paragraph; and the Mortgagor will not do or omit or cause anything to be done, omitted or caused whereby the policies of insurance may become void; and the Mortgagor will pay all premiums necessary for such purposes promptly as the same shall become due and will deliver evidence of renewal to the Mortgagee at least seven (7) days prior to the expiration of any policy of insurance; and, in the event

of any breach of the foregoing covenants respecting insurance, the Mortgagee, without prejudice to its other rights hereunder, may, at its option, effect such insurance to a value deemed, in the sole opinion of the Mortgagee, adequate to protect the Mortgagee's insurable interest and any amount paid therefor by the Mortgagee shall be payable by the Mortgagor to the Mortgagee on demand and shall constitute an Enforcement Obligation; and forthwith on the happening of any loss or damage, the Mortgagor will furnish at its own expense all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance monies and the production of this mortgage shall be sufficient authority for the insurance company to pay every such loss to the Mortgagee, and the insurance company is hereby directed thereupon to pay the same to the Mortgagee; and any insurance monies received may, at the option of the Mortgagee, be applied in rebuilding, reinstating or repairing the Premises or be paid to the Mortgagor or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Mortgagee, in whole or in part on the Liabilities or any part thereof whether due or not then due; and the Mortgagor hereby releases to the Mortgagee all its claims upon the Mortgaged Property subject to the said provisos;

- (b) **Taxes and Encumbrances:** The Mortgagor will pay when and as the same fall due all taxes, rates, levies, assessments, liens, charges, encumbrances or claims which are or may be or become charges or claims against the Mortgaged Property or on this mortgage or on the Mortgagee in respect of this mortgage; and in default of payment, the Mortgagee may pay the amount of such taxes, rates, levies, assessments, liens, charges, encumbrances and claims, and all monies so paid by the Mortgagee shall be payable by the Mortgagor to the Mortgagee on demand and shall constitute an Enforcement Obligation;
- (c) **Assignment of Rents and Leases:** For the better securing to the Mortgagee the payment of the Liabilities, the Mortgagor hereby gives, grants, assigns, transfers and sets over unto the Mortgagee all leases, agreements, tenancies, quotas and licenses which affect the Mortgaged Property whether written, verbal or otherwise howsoever, including all renewals or extensions thereof, together with all rents and other monies payable thereunder and all rights, benefits and advantages to be derived therefrom; provided that nothing done in pursuance hereof shall have or be deemed to have the effect of making the Mortgagee responsible for the collection of rent, or of any part thereof, or any income or revenue whatsoever of and from the Mortgaged Property, or for the performance or observance of any provision of such leases and agreements;
- (d) **Fixtures:** Without restricting the generality of the term "fixtures", fences, plumbing, air-conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, window blinds, storm windows and storm doors, window screens and screen doors, and all appliances and appurtenances relating thereto which now are or may hereafter be placed upon the Mortgaged Property by the Mortgagor or which now are or may hereafter be attached to the Mortgaged Property by the Mortgagor, and all farm machinery, improvements and irrigation systems, fixed or otherwise, and even though not attached to the Lands otherwise than by their own weight, shall be deemed to be fixtures and all fixtures shall form a part of the Mortgaged Property and are charged by and subject to this mortgage;
- (e) **Good Repair:** The Mortgagor will not remove any fixtures of any kind from the Mortgaged Property, and will keep the Premises and all fixtures, gates, fences, drains and improvements for the time being subject to this mortgage in good and substantial repair, and will at all times make such repairs to, and if incomplete, will complete such buildings and improvements as may be required by the Mortgagee in writing; and will not without the consent in writing of the Mortgagee, commit or permit any kind of waste on the Mortgaged Property; and in default of any of the foregoing the Mortgagee may at its option enter upon the Mortgaged Property from time to time in order to inspect, and may at its option complete, repair and keep in repair the said Premises, fixtures, gates, fences, drains and improvements without thereby becoming liable as mortgagee in possession and the amount expended by the Mortgagee in doing all or any of the foregoing things shall be payable by the Mortgagor to the Mortgagee on demand and shall constitute an Enforcement Obligation;

- (f) **Erection of Improvements:** The Mortgagor will not, without the consent of the Mortgagee in writing, erect or permit to be erected on the Mortgaged Property any improvement, or enter into any contract that may cause the Mortgaged Property to be encumbered by a lien for work done, labor provided, services performed or material supplied and will keep the Mortgaged Property free from same;
- (g) **Construction:** In the event that the Mortgagor erects buildings or improvements upon the Mortgaged Property:
 - (i) The Mortgagor agrees that it will proceed with due diligence with the erection and completion of the buildings or improvements in accordance with the plans and specifications approved or to be approved by the Mortgagee and any mortgage default insurer that has insured this Mortgage;
 - (ii) In case the Mortgagor should fail in the erection of the buildings or improvements or should neglect to carry on the work of erecting the buildings or improvements with reasonable diligence, the Mortgagee may, in its absolute discretion, enter upon the Mortgaged Property with power, in its absolute discretion, to alter the plans and specifications if it deems it necessary to do so in order to complete the buildings or improvements, and may complete the same, without thereby becoming liable as mortgagee in possession. Any and all amounts expended by the Mortgagee in doing all of any of the foregoing things shall be payable by the Mortgagor to the Mortgagee on demand and shall constitute an Enforcement Obligation; and
 - (iii) In case of such default in the erection of the buildings or improvements, or in case any lien is registered against the Mortgaged Property, the Liabilities secured by this mortgage shall, at the option of the Mortgagee, immediately become due and payable and the Mortgagee may (whether it proceeds with the completion of the buildings or improvements as above mentioned or not) exercise its remedies under this mortgage;
- (h) **Liens and Construction:** Upon the registration of any lien against the Mortgaged Property, or in the event of any buildings or improvements being erected thereon being allowed to remain unfinished or without any work being done on them for a period of ten (10) days, the Liabilities shall, at the option of the Mortgagee, forthwith become due and payable. In the event any lien is registered against the Mortgaged Property, the Mortgagee shall have the right, but not the obligation, to pay such amounts as may be required to vacate the lien. Any amount so paid by the Mortgagee, together with all costs, charges and expenses incurred by the Mortgagee in connection therewith, including all legal costs, on a solicitor and its own client basis, shall be payable by the Mortgagor to the Mortgagee on demand and shall constitute an Enforcement Obligation;
- (i) **Inspection:** The Mortgagee, its agents, employees, and independent contractors may at any time enter upon the Mortgaged Property to inspect the Mortgaged Property, and where deemed necessary and/or advisable by the Mortgagee, to conduct investigations thereon, including, without limiting the generality of the foregoing, intrusive testing and sampling on the Mortgaged Property for the purpose of determining the presence of or the potential for environmental pollution, and the reasonable cost of such inspection and investigations paid for by the Mortgagee including any intrusive testing and sampling shall be payable by the Mortgagor to the Mortgagee on demand and shall constitute an Enforcement Obligation;
- (j) **No Other Encumbrances:** Except for Permitted Encumbrances, the Mortgagor will not, without the consent of the Mortgagee in writing, grant, create, assume or suffer to exist any mortgage, charge, lien or other encumbrance against the Mortgaged Property, whether ranking in priority to or subsequent to this mortgage, and the Mortgagee may, at any time and from time to time, pay the amount of any mortgage, charge, lien or other encumbrance (including, without limitation, any Permitted Encumbrance), now or hereafter existing upon the Mortgaged Property having or claiming

priority over this mortgage. All monies so paid by the Mortgagee shall be payable by the Mortgagor to the Mortgagee on demand and shall constitute an Enforcement Obligation;

- (k) **Compliance with Laws:** The Mortgagor covenants with the Mortgagee to at all times promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal or otherwise, including without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, environmental pollution, toxic materials or other environmental hazards, building construction, builders' liens, cannabis, or public health and safety, and all private covenants and restrictions affecting the Mortgaged Property or any portion thereof and the Mortgagor will from time to time, upon request of the Mortgagee, provide to the Mortgagee evidence of such observance and compliance and will at its own expense make any and all improvements thereon or alterations to the Mortgaged Property, structural or otherwise, and will take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order or regulation and the Mortgagor will cause its tenants, agents and invitees to comply with all the foregoing at their own expense; and
- (l) **Permits and Approvals:** The Mortgagor shall obtain and keep in good standing any and all licenses, qualifications, authorizations, consents, certificates, decrees, orders-in-council, registrations, exemptions, variances, waivers, filings, grants, notifications, privileges, rights, orders, judgments, rulings, directives, permits, approvals or similar authorization of : (i) any federal, provincial, municipal, local or other governmental or public department, court, commission, board, bureau, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of or in lieu of any of the foregoing (each a "**Governmental Entity**"), (collectively, "**Authorizations**"), required to: (A) permit the Mortgagor to construct, alter or remove the buildings or improvements situated on the Mortgaged Property, and (B) conduct its business operations on the Mortgaged Property. If the Mortgagor receives written notice from any Governmental Entity or verbal advice from a person with apparent authority to advance the position of a Governmental Entity, of any non-compliance with an Authorization, the Mortgagor shall promptly notify the Mortgagee in writing of such notice or advice.
- (7) **Environmental Provisions:** The Mortgagor represents and warrants to the Mortgagee that there is no product or substance on the Mortgaged Property or on any property adjacent thereto which contravenes any environmental law or which is not being dealt with according to best recognized environmental practices, and that the Mortgaged Property is being used in compliance with all environmental laws. The Mortgagor will give the Mortgagee immediate notice of any material change in circumstances which would cause any of the foregoing representations and warranties to become untrue. The Mortgagor will indemnify the Mortgagee and its directors, officers, employees, agents and independent contractors, from all loss or expense (including, without limitation, legal fees on a solicitor and his own client basis) due to the Mortgagor's failure to comply with any environmental law or due to the presence of any product or substance referred to in this paragraph, as well as any lien or priority asserted with respect thereto, and this indemnity shall survive the discharge of this mortgage or the release from this mortgage of part or all of the Mortgaged Property. All amounts payable to the Mortgagee in respect of such indemnity shall be payable by the Mortgagor to the Mortgagee on demand and shall constitute an Enforcement Obligation.
- (8) **Remedies for Breach of Covenants:** In the event of non-payment when due of the Liabilities or a part thereof, or upon breach of or default under any provision of any agreement evidencing or relating to the Liabilities or a part thereof, or upon breach of or default in any provision of this mortgage:
 - (a) **Liabilities Due:** The Liabilities shall immediately become due and payable at the option of the Mortgagee unless such non-payment, breach or default is waived or postponed by the Mortgagee;

- (b) **May Enter on to Mortgaged Property to Lease or Sell:** The Mortgagee may on giving the minimum notice, if any, according to applicable law, enter on and lease or sell the Mortgaged Property; and the Mortgagee may collect the rents and profits and lease or sell as aforesaid without entering into possession of the Mortgaged Property; and the Mortgagee is hereby irrevocably appointed the attorney of the Mortgagor for the purpose of making such lease or sale, and for recovering all rents and sums of money that may become or are due or owing to the Mortgagor in respect of the Mortgaged Property, and for enforcing all agreements binding on any lessee or occupier of the Mortgaged Property or on any other person in respect of it, and for taking and maintaining possession of the Mortgaged Property, and for protecting it from waste, damage or trespass, and for making arrangements for completing the construction of, repairing or putting into order any buildings or other improvements on the Mortgaged Property, and for harvesting, threshing and marketing any crops on the Lands, keeping down and destroying any noxious weeds, summer fallowing, and working, breaking and otherwise farming any farm land, and for conducting remediation to bring the Mortgaged Property in compliance with recognized environmental standards, statutory or otherwise, and for executing all instruments, deeds and documents pertaining thereto, and for doing all acts, matters and things that may be necessary for carrying out the powers hereby given; and any such sale may be either for cash or on credit, or part cash and part credit, and by private sale or public auction, and at such sale the whole or any part of the Mortgaged Property may be sold; and the Mortgagee may vary or rescind any contract of sale made by virtue of these presents, and may buy in and resell the Mortgaged Property or any part thereof, without being responsible for any loss or deficiency on resale or expense occasioned thereby, and may sell on such terms as to credit or otherwise as to it shall seem appropriate, and for such prices as can reasonably be obtained therefor, and may make any stipulation as to title or evidence or commencement of title or otherwise as to it may seem proper, and no purchaser or lessee under such power shall be bound to inquire into the legality or regularity of any sale or lease under the said power, or to see to the application of the proceeds thereof, nor shall any omission, irregularity or want of notice invalidate or in any way affect the legality of any such sale or lease; and out of the money arising from such sale or lease the Mortgagee shall be entitled to retain an amount equal to the Liabilities together with all expenses incurred in or about taking, recovering or keeping possession of the Mortgaged Property, selling or leasing the same or otherwise by reason of any default of the Mortgagor hereunder, including solicitor's fees and disbursements as between a solicitor and his own client, and any balance of monies remaining after the satisfaction of all claims of the Mortgagee, as hereinbefore provided, shall be paid to the Mortgagor but the Mortgagee shall in no event be liable to pay to the Mortgagor any monies except those actually received by the Mortgagee;
- (c) **Foreclosure:** The Mortgagee may take foreclosure or foreclosure and sale proceedings in respect of the Mortgaged Property in accordance with the provisions of the laws of the Province of Alberta or the federal laws of Canada applicable therein; and in the event of any deficiency on account of the Liabilities remaining due to the Mortgagee after realizing all the Mortgaged Property, then the Mortgagor will pay to the Mortgagee on demand the amount of such deficiency together with interest thereon until paid, calculated at a rate of twenty percent (20%) per annum or such other rate of interest as may be stipulated by the provisions of the Loan Agreement or determined with reference thereto, calculated and payable monthly not in advance, both before and after maturity, default and judgment, with interest on overdue interest at the rate aforesaid. In the event foreclosure proceedings are commenced in respect of the Mortgaged Property, then from the time of the application for an order nisi in such proceedings, the rate of interest payable under this mortgage shall, at the option of the Mortgagee, be fixed at the rate applicable under this mortgage at that time and shall thereafter remain at such fixed rate unless and until such proceedings have been settled or discontinued;
- (d) **Distraint:** The Mortgagee may distraint for arrears of the Liabilities, and as part of the consideration for any advance or creation of the Liabilities, the Mortgagor agrees to waive, and hereby waives, on the exercise of any such right of distress all rights to exemptions from seizure and distress under any law applicable in the Province of Alberta or the federal laws of Canada applicable therein;

- (e) **Receivership:** The Mortgagee may appoint a receiver of the Mortgaged Property and of the income of the Mortgaged Property, or any part thereof, and every such receiver shall be the agent of the Mortgagor and the Mortgagor shall be solely responsible for the receiver's acts or defaults; and such receiver shall have power to demand, recover and receive all the income of the Mortgaged Property, by action, distress or otherwise, either in the name of the Mortgagor or of the Mortgagee, and to give effectual receipts for the same; and the receiver may lease the Mortgaged Property and execute contracts in the name of the Mortgagor; and the receiver may carry on and complete any construction on the Mortgaged Property commenced by the Mortgagor and be in charge of completion of any further construction on the Mortgaged Property, provided that such receiver may be removed and a new receiver appointed from time to time by the Mortgagee, by writing under the hand of any authorized agent or solicitor; and it is further agreed that such receiver shall be entitled to retain out of the monies received by it a commission of five percent (5%) of the gross receipts, or such higher rate as any judge of any court having jurisdiction may allow upon application by it for that purpose, and also its disbursements in the collection of such income, and thereafter shall apply all monies received by it as such receiver as follows: namely, in discharge of all taxes, rates and accounts payable whatsoever affecting the Mortgaged Property and all liens, charges (including, without limitation, those imposed under environmental laws), annual sums or other payments and interest thereon, if any, having priority to this mortgage; in payment of the premiums on insurance payable under this mortgage; in payment of the cost of all necessary or proper repairs to the Mortgaged Property; and the balance, if any, thereafter upon the Liabilities; provided further that neither the existence of the foregoing relating to attornment, to distraint for arrears, to entry upon the Mortgaged Property, to foreclosure and to the said receivership, nor anything done by virtue thereof, shall render the Mortgagee a mortgagee in possession so as to be accountable for any monies except those actually received; and
- (f) **Performance of Obligations:** The Mortgagee, at its option, may by and on behalf of the Mortgagor and at the sole cost and expense of the Mortgagor, and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed, any provision with respect to which default has occurred hereunder or under any provision of any agreement or dealing evidencing the Liabilities and for such purpose make such payments as are contemplated herein, and all monies expended by the Mortgagee for any such purpose shall be payable by the Mortgagor to the Mortgagee upon demand and shall constitute an Enforcement Obligation; provided however that nothing herein contained shall be deemed to hold the Mortgagee responsible for and the Mortgagee shall not be responsible for any loss arising out of its or its agents' or employees' observance or performance of any such provision. No remedy herein conferred is intended to be exclusive of any other remedy or remedies hereunder or under any security collateral hereto, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under any security collateral hereto or now or hereafter existing at law or in equity.
- (9) **Bankruptcy:** If the Mortgagor shall commit an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada), become bankrupt or insolvent or shall be subject to the provisions of the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Winding Up and Restructuring Act* (Canada) or any other Act for the benefit of creditors or relating to bankrupt or insolvent debtors or go into liquidation either voluntarily or under an order of a court of competent jurisdiction or make a general assignment for the benefit of its creditors or otherwise acknowledge its insolvency, the same shall constitute a breach of covenant pursuant to this mortgage.
- (10) **Costs to Protect Security:** All fees, charges, costs (including solicitor's fees and disbursements as between a solicitor and his own client) or expenses levied or charged by any solicitors or inspectors retained by or on behalf of the Mortgagee for the preparation, taking, registration, maintenance, protection or enforcement of this mortgage and any other securities which may be taken by the Mortgagee in connection with the Liabilities or any part thereof, together with the costs of any sale or abortive sale and of taking, recovering and keeping possession of the Mortgaged Property, the costs of inspecting or managing the same and generally any costs in any other proceeding, matter or thing taken or done in connection with or for completing the construction of, repairing or putting in order any buildings or other improvements on the Mortgaged Property, or for remediation to bring the Mortgaged Property into compliance with recognized environmental standards,

statutory or otherwise, or to protect or realize upon this mortgage or any other security taken in connection with the Liabilities, or to perfect the title of the Mortgaged Property, or relating to expropriation of part or all of the Mortgaged Property, shall be payable by the Mortgagor to the Mortgagee on demand and shall constitute an Enforcement Obligation. If the Mortgagor shall default in payment of any Enforcement Obligation on demand, the Liabilities shall at the option of the Mortgagee forthwith become due and payable unless such default is waived or postponed by the Mortgagee.

- (11) **Extension or Replacement of Covenants:** The Mortgagee may, in its discretion and with or without the consent of the Mortgagor or any guarantor or surety, in respect of the Liabilities or any part thereof give an extension of time, take the covenant of any purchaser of the equity of redemption of the Mortgaged Property or any part thereof, or any security whatsoever from them or from any other person, for the assumption and payment of the whole or any part of the Liabilities or for the due performance of any of the provisions hereof and any such action on the part of the Mortgagee shall not release the Mortgagor or any guarantor or surety from payment of the Liabilities or any part thereof or the performance of the said provisions or any of them; and the Mortgagee may also, in its discretion, compound with or release the Mortgagor or any one claiming under it, or any other person liable for payment of the Liabilities, or surrender, release or abandon or omit to perfect or enforce any securities, remedies or proceedings which the Mortgagee may now or hereafter hold, take or acquire, and may pay all monies received from the Mortgagor or others, or from securities upon such part of the Liabilities as the Mortgagee may think best without prejudice to or in any way limiting or lessening the liability of the Mortgaged Property or of any surety or obligor or any other person liable for payment of the Liabilities; and the Mortgagee shall incur no liability to any person by reason of anything aforesaid; any provision or liability aforesaid shall continue in full force as long as any of the Liabilities remain unpaid, but the Mortgagee shall not be bound to exhaust its recourse or remedies against the Mortgaged Property or the Mortgagor or other parties or the securities it may hold before being entitled to payment from any guarantor or surety of the Liabilities.
- (12) **Release of Lands:** The Mortgagee may, in its discretion and with or without the consent of the Mortgagor or any guarantor or surety, release any part of the Mortgaged Property or any other security for the Liabilities either with or without any consideration therefor, and without being accountable for the value thereof or for any monies except those actually received by it and without thereby releasing any other part of the Mortgaged Property, or any provision hereof, including any covenants or agreements on the part of any guarantor or surety for the payment of the Liabilities and the performance of the provisions hereof.
- (13) **No Waiver:** The permitting of or the acquiescence in the non-performance or non-observance of or the extension of time for the performance of any of the provisions of this mortgage shall not be or constitute any waiver of or cure any continuing or subsequent default, and shall not justify any default or delay on any other occasion and no waiver shall be inferred from or implied by anything done or omitted by the Mortgagee, except by express agreement.
- (14) **No Apportionment:** Every part, lot or unit into which the Mortgaged Property is or may hereafter be divided stands charged with the whole of the Liabilities and no person shall have any right to require the Liabilities to be apportioned on or in respect of any such part, lot or unit, or to require the charge of this mortgage to be released or discharged in respect of any such part, lot or unit, and the Mortgagor hereby waives any provision of any legislation which provides for such right.
- (15) **All Taxes Paid:** The Mortgagor represents and warrants that it has paid all taxes, interest and penalties payable by it under the provisions of federal, provincial and municipal statutes or by-laws relating thereto, and which may create a charge or lien upon the Mortgaged Property.
- (16) **Expropriation:** In the event that the whole or any material portion of the Mortgaged Property is expropriated by any entity empowered to do so, then at the option of the Mortgagee, all Liabilities shall forthwith become due and payable. The Mortgagor hereby waives the provisions of any law applicable in the Province of Alberta or the federal laws of Canada applicable therein which would restrict recovery under this mortgage to recovering the market value of this mortgage at the date of any expropriation if the market value is then less than the amount of the Liabilities. In the event such market value is less than the amount of the Liabilities and the Mortgagee receives from the expropriating authority the market value of this mortgage, the

Mortgagor shall, notwithstanding the provisions of any such law, forthwith upon demand pay to the Mortgagee the remaining portion as a separate debt together with interest thereon until paid at a rate of twenty percent (20%) per annum or such other rate of interest as may be stipulated by the provisions of the Loan Agreement or determined with reference thereto, calculated and payable monthly not in advance, both before and after maturity, default and judgment, with interest on overdue interest at the rate aforesaid. The proceeds from any expropriation affecting the whole or any part of the Mortgaged Property shall be paid to the Mortgagee in priority to the claims of any other person.

- (17) **Discharge:** The Mortgagor shall not be entitled to a discharge of this mortgage unless and until the Liabilities have been paid in full or are no longer in existence, the Mortgagor has no further obligations to the Mortgagee in respect of any Liabilities and the Mortgagor has kept and performed all of the provisions hereunder and under any provision of any agreement evidencing the Liabilities; and the Mortgagee shall have a reasonable time after payment or termination of the Liabilities within which to prepare or have prepared an executed discharge of this mortgage, and interest shall continue to run and accrue until all Liabilities have been paid and actual payment in full has been received by the Mortgagee and all legal and other expenses for the preparation and execution of such discharge and any administration fee of the Mortgagee in connection therewith shall be borne by the Mortgagor.
- (18) **Condominium Units:** Notwithstanding anything to the contrary herein contained, in the event that the Mortgaged Property constitutes a condominium or a unit in a condominium:
- (a) The Mortgagor covenants with the Mortgagee that the Mortgagor will observe and perform each and every provision required to be observed and performed under or pursuant to the terms of this mortgage, each and every provision of any law applicable in the Province of Alberta or the federal laws of Canada applicable therein which affects such condominium or unit in a condominium and the by-laws and any amendments thereto of the condominium corporation of which the Mortgagor is a member by virtue of the Mortgagor's ownership of the condominium being charged by this mortgage (the "**Condominium Corporation**");
 - (b) Without limiting the generality of the foregoing subparagraph, the Mortgagor covenants to pay promptly when due any and all unpaid assessments, instalments or payments due to the Condominium Corporation;
 - (c) In addition to the Mortgagor's obligations hereunder to insure the Mortgaged Property, the Mortgagor covenants and agrees to provide the Mortgagee, from time to time upon the Mortgagee's request, with evidence satisfactory to the Mortgagee that the Condominium Corporation keeps the condominium insured in favour of the Mortgagee against all risks of direct physical loss or damage on a replacement cost basis for an amount equal to the full replacement value of the condominium; provided that, if the Condominium Corporation neglects to keep the condominium insured as aforesaid, the Mortgagee shall be entitled but shall not be obligated to insure the condominium to a value deemed, in the sole opinion of the Mortgagee, adequate to protect the Mortgagee's insurable interest and any amount paid therefor by the Mortgagee shall be payable on demand and shall constitute an Enforcement Obligation;
 - (d) As a member of the Condominium Corporation, the Mortgagor covenants and agrees to seek the full compliance by the Condominium Corporation with the requirement that the Condominium Corporation insure the condominium; and the Mortgagor hereby releases to the Mortgagee all of the Mortgagor's claim upon the Condominium Corporation, subject to the terms of the said insurance policy;
 - (e) The Mortgagee authorizes the Mortgagor to vote respecting all matters relating to the affairs of the Condominium Corporation, provided that the Mortgagee may at any time upon written notice to the Mortgagor and the Condominium Corporation, revoke this authorization, in which case all power to vote shall rest in the Mortgagee, although the Mortgagee shall be under no obligation to vote to protect the interests of the Mortgagor or to vote in any particular manner;

- (f) The Mortgagor further covenants that, where the Mortgagor defaults in the Mortgagor's obligations to pay any assessment, instalment or payment due to the Condominium Corporation, or upon breach of any provision contained in this paragraph, regardless of any other action or proceeding taken or to be taken by the Condominium Corporation, the Mortgagee, at its option and without notice to the Mortgagor, may deem such default to be default under the terms of this mortgage and proceed to exercise its rights herein;
 - (g) Upon default herein and notwithstanding any other right or action of the Condominium Corporation or the Mortgagee, the Mortgagee may distrain for arrears of any assessment, instalment or payment due to the Condominium Corporation or arising under this paragraph; and
 - (h) The Mortgagor covenants to request the Condominium Corporation to send to the Mortgagee copies of all notices sent to the Mortgagor, and the Mortgagor covenants to notify the Mortgagee of any breaches by the Condominium Corporation that come to the attention of the Mortgagor.
- (19) **Farm Lands:** Notwithstanding anything to the contrary herein contained, in the event that the Mortgaged Property is or includes farm lands:
- (a) In addition to the Mortgagor's obligations herein to insure the Mortgaged Property, the Mortgagor covenants and agrees to forthwith insure and during the continuance of this mortgage keep insured in favour of the Mortgagee against loss or damage by hail and such other perils as the Mortgagee may require, all crops now or hereafter to be grown on the Lands;
 - (b) The Mortgagor will in each year during the currency of this mortgage either put into crop or summer fallow in good, proper and husbandlike manner every portion of the Lands which has been or may hereafter be brought under cultivation, and will keep the Lands clean and free from all noxious weeds and generally see that the Mortgaged Property does not depreciate in any way; and
 - (c) The Mortgagor will pay when and as the same fall due any charges for keeping down and destroying noxious weeds on the Lands and in default of payment the Mortgagee may pay the same, and all monies so paid by the Mortgagee shall be payable by the Mortgagor to the Mortgagee upon demand and shall constitute an Enforcement Obligation.
- (20) **Due on Sale or on Change in Ownership:** In the event that the Mortgagor shall sell, convey, transfer or otherwise dispose of the Mortgaged Property, or enter into any agreement to sell, convey, transfer or otherwise dispose of or lose title thereto, the Liabilities shall forthwith become due and payable at the option of the Mortgagee. In the event that the Mortgagor is a corporation, and in the event that there is a sale or sales which result in a transfer of the legal or beneficial interest of a majority of the shares in the capital of the Mortgagor or there is a change in the effective control of a majority of the voting shares in the capital of the Mortgagor, then the Liabilities shall forthwith become due and payable at the option of the Mortgagee.
- (21) **Cross Default:** In the event that the Mortgagor makes default under any mortgage, charge, lien or other encumbrance against the Mortgaged Property ranking or claiming priority over this mortgage, the same shall constitute default under this mortgage and the Liabilities shall at the option of the Mortgagee forthwith become due and payable, and the Mortgagee shall be at liberty to exercise its rights under this mortgage.
- (22) **No Obligation to Advance:** Neither the execution nor registration of this mortgage nor the advancing or creation of any part of the Liabilities shall bind the Mortgagee to advance or create any further Liabilities; and notwithstanding anything herein contained, all payments to be made on or by virtue of this mortgage shall be made in lawful money of Canada to the Mortgagee at the Mortgagee's Address or at such other place as the Mortgagee may, from time to time, in writing designate.
- (23) **Lawful Interest Rate:** In the event interest chargeable or payable on principal or interest or on arrears of principal or interest as provided for in this mortgage is in excess of that permitted by the *Interest Act* (Canada) or any other applicable law, then in such event, interest payable and chargeable on such principal or interest

or on arrears of principal or interest under this mortgage shall be chargeable and payable at the highest lawful rate permitted by the *Interest Act* (Canada) or such other applicable law and no other interest on principal or interest or on arrears of principal or interest shall be chargeable or payable hereunder.

- (24) **Representations and Warranties:** The Mortgagor represents and warrants to the Mortgagee that:
- (a) it has a fee simple interest in possession in the Mortgaged Property;
 - (b) it is the legal and beneficial owner of the Mortgaged Property;
 - (c) it has full power to mortgage the Mortgaged Property; and
 - (d) it is a corporation incorporated and registered under the laws of the Province of Alberta, or incorporated under the laws of another jurisdiction in Canada or under the federal laws of Canada and extra-provincially registered in Alberta.
- (25) **Severability:** If any provision of this mortgage or the application thereof to any person is to any extent held invalid or unenforceable, the remainder of this mortgage or the application of such provision to persons other than those with respect to which it is held invalid or unenforceable shall not be affected thereby and shall continue to be enforceable to the fullest extent permitted by law.
- (26) **Joint and Several:** In the event there is more than one Mortgagor hereunder, the terms, conditions and other obligations of each Mortgagor hereunder shall be joint and several.
- (27) **Interpretation:** The words used herein which import the singular number and neuter shall be read and construed as plural and feminine or masculine, as the case may be, and the terms of this mortgage shall be binding upon and apply to the party's heirs, executors, administrators, successors or assigns, as applicable.
- (28) **Statutory Mortgage Clause:** And for better securing to the Mortgagee the repayment in the manner aforesaid of the Liabilities, the Mortgagor hereby mortgages to the Mortgagee all of the Mortgagor's estate and interest in the Mortgaged Property.
- (29) **Land Titles Act:** It is understood and intended that this mortgage is made with reference to and under the *Land Titles Act* (Alberta).

[signature page follows]

- (30) **Paramountcy:** In the event of any conflict, ambiguity or inconsistency between this mortgage and the Loan Agreement, the terms of the Loan Agreement shall govern and prevail to the extent necessary to remove the conflict, ambiguity or inconsistency.

IN WITNESS WHEREOF THIS MORTGAGE IS SIGNED, SEALED AND DELIVERED THIS _____ day of _____, 2018.

in the presence of _____

(Witness)

)
)
)
)
)
)

CANDRE CANNABIS INC.

Per: _____

 c/s

Per: _____

PROVINCE OF ALBERTA

MORTGAGE

Dated: May 10, 2018

- (1) **Payment:** **CANDRE CANNABIS INC.** (hereinafter referred to as "the Mortgagor") whose address is #202, 289 Midpark Way SE, Calgary, Alberta T2X 1M2, being registered as owner of an estate in fee simple, in possession, subject, however, to such encumbrances, liens and interests as are notified by memorandum written or endorsed on the Certificate of Title, in that piece of land situate in Alberta and described as follows:

PLAN 1810863

BLOCK 3

LOT 8

EXCEPTING THEREOUT ALL MINES AND MINERALS

(which land, together with any buildings thereon, is (unless the context otherwise requires) hereinafter referred to as "the land").

IN CONSIDERATION of the sum of Five Hundred Eighty Thousand Three Hundred Thirty-Two Dollars and Fifty-Three Cents (\$580,332.53) (such sum being hereinafter referred to as "the principal sum") lent to the Mortgagor by **STRATHMORE LAKES ESTATES LTD.**, of PO Box 2338, Strathmore, Alberta, T1P 1K3 (hereinafter referred to as "the Mortgagee") the receipt of which sum the Mortgagor hereby acknowledges, covenants with the Mortgagee that the Mortgagor will pay to the Mortgagee the principal sum together with interest thereon and all other money payable under this mortgage (hereinafter sometimes collectively referred to as "the monies hereby secured") in the manner set out in the Schedule attached hereto or in such other manner as may be agreed to in writing from time to time by the Mortgagor and the Mortgagee.

- (2) **Further Covenants:** The Mortgagor further covenants with the Mortgagee that the Mortgagor:
- (a) has or will have good title to the land;
 - (b) has the right to mortgage the land;
 - (c) will provide the Mortgagee with quiet possession of the land upon default free from all encumbrances;
 - (d) will execute such further assurances of the land as may be requisite; and
 - (e) has done no act to encumber the land except as consented to in writing by the Mortgagee.

- (3) **Prepayment Privileges:** Provided the loan secured by this mortgage is not in default beyond any applicable cure period, the Mortgagor shall have the right to prepay the loan or any portion thereof secured by this mortgage at any time without notice, penalty or bonus.
- (4) **Due on Sale:** In the event that the Mortgagor sells, conveys, transfers, or enters into any agreement of sale or transfer of the title of the land to a purchaser, grantee or transferee (a) not approved by the Mortgagee in advance; (b) who fails to apply for and receive the Mortgagee's written consent; (c) who fails to personally assume all the obligations of the Mortgagor; or (d) who fails to sign an assumption agreement in form satisfactory to the Mortgagee, then at the option of the Mortgagee all monies hereby secured shall forthwith become due and payable.
- (5) **Due on Change in Ownership:** In the event that the Mortgagor is a corporation, and without the consent of the Mortgagee, such consent not to be unreasonably withheld, there is a sale or sales which result in a transfer of the legal or beneficial interest of a majority of the shares in the capital of the Mortgagor or there is a change in the effective control of a majority of the voting shares in the capital of the Mortgagor, then at the option of the Mortgagee all monies hereby secured shall forthwith become due and payable. Notwithstanding the foregoing, the consent of the Mortgagee will not be required in respect of a transfer of the legal or beneficial interest of a majority of the shares in the capital of the Mortgagor to, or a change in the effective control of a majority of the voting shares in the capital of the Mortgagor where the effective control is vested in, Enzo Holdings Ltd., Frondis Holdings Ltd. or a nominee thereof.
- (6) **Expropriation:** In the event that the whole or any material portion of the land is expropriated by any entity empowered to do so, then at the option of the Mortgagee all monies hereby secured shall forthwith become due and payable. The Mortgagor acknowledges Section 49 of the Expropriation Act (Alberta), as such Act may be amended from time to time, whereby the Mortgagee may be restricted to recovering the market value (as defined therein) of this mortgage at the date of any expropriation if the market value is then less than the amount of the monies hereby secured, and the Mortgagor hereby waives the provisions of the said Act insofar as they relate to such restriction. In the event such market value is less than the amount of the monies hereby secured and the Mortgagee receives from the expropriating authority the market value of this mortgage, the Mortgagor shall forthwith pay to the Mortgagee the remaining outstanding balance pursuant to this mortgage as a separate debt notwithstanding the provisions of the Expropriation Act.
- (7) **Covenants:** The Mortgagor further covenants with the Mortgagee that:
- (a) **Insurance:** The Mortgagor will forthwith insure and during the continuance of this mortgage keep insured in favour of the Mortgagee against loss or damage by the perils of fire and such other perils as the Mortgagee may require, including loss or damage by explosion, falling object, impact by vehicle or aircraft, rupture of

- (3) **Prepayment Privileges:** Provided the loan secured by this mortgage is not in default beyond any applicable cure period, the Mortgagor shall have the right to prepay the loan or any portion thereof secured by this mortgage at any time without notice, penalty or bonus.
- (4) **Due on Sale:** In the event that the Mortgagor sells, conveys, transfers, or enters into any agreement of sale or transfer of the title of the land to a purchaser, grantee or transferee (a) not approved by the Mortgagee in advance; (b) who fails to apply for and receive the Mortgagee's written consent; (c) who fails to personally assume all the obligations of the Mortgagor; or (d) who fails to sign an assumption agreement in form satisfactory to the Mortgagee, then at the option of the Mortgagee all monies hereby secured shall forthwith become due and payable.
- (5) **Due on Change in Ownership:** In the event that the Mortgagor is a corporation, and without the consent of the Mortgagee, such consent not to be unreasonably withheld, there is a sale or sales which result in a transfer of the legal or beneficial interest of a majority of the shares in the capital of the Mortgagor or there is a change in the effective control of a majority of the voting shares in the capital of the Mortgagor, then at the option of the Mortgagee all monies hereby secured shall forthwith become due and payable. Notwithstanding the foregoing, the consent of the Mortgagee will not be required in respect of a transfer of the legal or beneficial interest of a majority of the shares in the capital of the Mortgagor to, or a change in the effective control of a majority of the voting shares in the capital of the Mortgagor where the effective control is vested in, Enzo Holdings Ltd., Frondis Holdings Ltd. or a nominee thereof.
- (6) **Expropriation:** In the event that the whole or any material portion of the land is expropriated by any entity empowered to do so, then at the option of the Mortgagee all monies hereby secured shall forthwith become due and payable. The Mortgagor acknowledges Section 49 of the Expropriation Act (Alberta), as such Act may be amended from time to time, whereby the Mortgagee may be restricted to recovering the market value (as defined therein) of this mortgage at the date of any expropriation if the market value is then less than the amount of the monies hereby secured, and the Mortgagor hereby waives the provisions of the said Act insofar as they relate to such restriction. In the event such market value is less than the amount of the monies hereby secured and the Mortgagee receives from the expropriating authority the market value of this mortgage, the Mortgagor shall forthwith pay to the Mortgagee the remaining outstanding balance pursuant to this mortgage as a separate debt notwithstanding the provisions of the Expropriation Act.
- (7) **Covenants:** The Mortgagor further covenants with the Mortgagee that:
- (a) **Insurance:** The Mortgagor will forthwith insure and during the continuance of this mortgage keep insured in favour of the Mortgagee against loss or damage by the perils of fire and such other perils as the Mortgagee may require, including loss or damage by explosion, falling object, impact by vehicle or aircraft, rupture of

heating, plumbing or air conditioning systems, smoke, riot, civil commotion, vandalism, malicious act, windstorm or hail, each and every building on the land and which may hereafter be erected thereon, both during erection and thereafter, for a total amount not less than the lesser of the replacement cost of each and every said building and the amount of the Mortgagee's interest therein, in lawful money of Canada with an insurance company duly authorized to carry on business as such and under policies satisfactory in form to the Mortgagee; and such policies shall not contain co insurance clauses; and without limiting the foregoing such policies shall include the following insurance coverage:

- (i) "All risks" of direct physical loss or damage with respect to each and every building on the land and any personal property located thereon, with permission granted thereby for the improvements to be vacant or unoccupied for a period of at least thirty (30) days and providing for partial occupancy;
- (ii) comprehensive broad form boiler and machinery insurance including unfired pressure vessels insurance and air conditioning equipment, if any;
- (iii) business interruption or rental loss insurance covering perils insured in subparagraphs (i) and (ii) above acceptable to the Mortgagee for an indemnity period of not less than twelve (12) months and with coverage of not less than 100% of the resulting loss of rents or loss of business income from the business conducted on the land; and
- (iv) commercial general liability insurance, including personal injury, products and completed operations, subject to a limit per occurrence of not less than Two Million Dollars (\$2,000,000.00) or such amount as the Mortgagee shall reasonably require, inclusive of bodily injury, death or property damage;

and each policy of insurance shall provide that every loss shall be payable to the Mortgagee as its interest may appear in accordance herewith, subject to a standard form of mortgage clause or other mortgage clause approved by the Mortgagee; and each policy of insurance shall provide that the Mortgagee shall receive at least thirty (30) days prior notice of any cancellation or material alteration thereof; and the Mortgagor will forthwith assign, transfer and deliver to the Mortgagee the policy or policies of insurance and all renewal receipts pertaining thereto; and no insurance will be carried on improvements or buildings on the land other than such as is made payable to the Mortgagee in accordance with the provisions of this subparagraph; and the Mortgagor will not do or omit or cause or suffer anything to be done, omitted, caused or suffered whereby the policy or policies of insurance, as aforesaid, may be voided or become void; and the Mortgagor will pay all premiums and sums of money necessary for such purposes promptly as the same shall become due and will deliver evidence of

renewal to the Mortgagee at least fifteen (15) days prior to the expiration of any policy of insurance; and, in the event of any breach of the foregoing covenants respecting insurance, the Mortgagee, without prejudice to its other rights hereunder, may, at its option, effect such insurance to a value deemed, in the sole opinion of the Mortgagee, adequate to protect the Mortgagee's insurable interest and any amount paid therefor by the Mortgagee shall be added to the monies hereby secured and shall bear interest at the Mortgage Rate from the time of such payment and shall be payable at the time appointed for the next ensuing regular instalment; and forthwith on the happening of any loss or damage, the Mortgagor will furnish at his own expense all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance monies and the production of this mortgage shall be sufficient authority for the said insurance company to pay every such loss to the Mortgagee, and the said insurance company is hereby directed thereupon to pay the same to the Mortgagee; and any insurance monies received may, at the option of the Mortgagee, be applied in rebuilding, reinstating or repairing the premises or be paid to the Mortgagor or any other person appearing by the registered title to be or to have been the owner of the said premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Mortgagee, in whole or in part on the monies hereby secured or any part thereof whether due or not then due; and the Mortgagor hereby releases to the Mortgagee all his claims upon the land subject to the said provisos;

- (b) **Taxes:** The Mortgagor will pay when and as the same fall due all taxes, rates, levies, assessments, liens, charges, encumbrances or claims which are or may be or become charges or claims against the land and each and every building located thereon and all personal property situated therein or on this mortgage or on the Mortgagee in respect of this mortgage, provided that in respect of municipal taxes, school taxes and local improvement rates (hereinafter referred to as "taxes"):
- (i) The Mortgagee may deduct from any advance of the principal sum an amount sufficient to pay the taxes which have become or will become due and payable as at the Interest Adjustment Date and are unpaid at the date of such advance as well as any tax arrears, penalties which have become or will become due and payable as at the Interest Adjustment Date;
 - (ii) On the request of the Mortgagee, the Mortgagor shall provide the Mortgagee with sufficient sums to pay the whole amount of taxes on or before the due date for payment thereof, or if such amount is payable in instalments, on or before the due date for payment of the first instalment thereof, by paying to the Mortgagee, in equal instalments on the dates on which regular instalments are payable hereunder, the proportionate share (calculated by dividing the total taxes next due and payable by the number

of regular instalments remaining prior to the next due date for taxes) of the amount (as estimated by the Mortgagee) of the taxes next becoming due and payable and on demand the amount, if any, by which the actual taxes exceed such estimated amount (such sums provided being hereinafter referred to as "the tax account");

- (iii) The Mortgagee may allow the Mortgagor interest on any credit balance standing in the tax account from time to time at a rate per annum, and at such times, as the Mortgagee may determine in its sole discretion; and the Mortgagor shall be charged interest, at the Mortgage Rate, on any debit balance in the tax account until such debit balance is fully repaid; and
 - (iv) The Mortgagee agrees to apply the tax account to the taxes chargeable against the land provided that nothing herein contained shall obligate the Mortgagee to apply such payments on account of taxes more often than yearly and provided further that if, before any sum or sums so paid to the Mortgagee shall have been so applied, there shall be default by the Mortgagor in respect of any payment of the monies hereby secured, the Mortgagee may apply such sum or sums in or towards such payment. The Mortgagor further covenants and agrees to transmit to the Mortgagee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after the receipt of same by the Mortgagor;
- (c) **Assignment of Leases:** For the better securing to the Mortgagee the payment of all monies hereby secured, the Mortgagor gives, grants, assigns, transfers and sets over unto the Mortgagee all leases and/or similar agreements which affect the land or any part thereof whether written, verbal or otherwise howsoever, including all renewals or extensions thereof, together with all rights, benefits and advantages to be derived therefrom; and service of a copy of this mortgage upon any lessee of the Mortgagor occupying any portion of the land shall operate as an absolute assignment of that lessee's lease and such lessee is thereupon authorized and directed to give effect to such assignment; provided that nothing done in pursuance hereof shall have or be deemed to have the effect of making the Mortgagee a mortgagee in possession or responsible for the collection of rent, or of any part thereof, or any income or revenue whatsoever of and from the land, or for the performance or observance of any covenants, terms or conditions contained in such lease or other agreement;
- (d) **Assignment of Rents:** For the better securing to the Mortgagee the payment of all monies hereby secured, the Mortgagor hereby gives, grants, assigns, transfers and sets over unto the Mortgagee all rents and other monies payable under any leases and/or similar agreements which affect the land or any part thereof, whether written, verbal or otherwise howsoever, provided that the Mortgagor will be entitled to receive and recover such rents and other revenues until default

(beyond any applicable cure period) under this mortgage; and provided that nothing done in pursuance hereof shall have or be deemed to have the effect of making the Mortgagee a mortgagee in possession or responsible for the collection of rent, or of any part thereof, or any income or revenue whatsoever of and from the land, or for the performance or observance of any covenants, terms or conditions contained in such lease or other agreement;

- (e) **Fixtures:** Without restricting the generality of the term "fixtures", fences, plumbing, air-conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, window blinds, storm windows and storm doors, window screens and screen doors, and all appliances and appurtenances relating thereto which now are or may hereafter be placed upon the land by the Mortgagor or which now are or may hereafter be attached to the land by the Mortgagor shall be deemed to be fixtures and a part of the land and covered by and subject to this mortgage;
- (f) **Good Repair:** The Mortgagor will not remove any fixtures of any kind from the land (other than in the ordinary course of business), and will keep all buildings, fixtures, gates, fences, drains and improvements for the time being subject to this mortgage in good and substantial repair, and will at all times make such repairs to, and if incomplete, will complete such buildings and improvements as may be required by the Mortgagee in writing; and will not without the consent in writing of the Mortgagee, commit or permit any kind of waste on the land; and in default of any of the foregoing the Mortgagee may at its option enter upon the land from time to time in order to inspect, and may at its option complete, repair and keep in repair the said buildings, fixtures, gates, fences, drains and improvements without thereby becoming liable as mortgagee in possession and the amount expended in doing all or any of the foregoing things shall be paid by the Mortgagor to the Mortgagee and shall be a charge on the land in favour of the Mortgagee and shall be payable at the time of payment of the next regular instalment hereunder, with interest at the Mortgage Rate until paid; and in default of payment, the monies hereby secured shall, unless the Mortgagee waives or postpones such default, forthwith become due and payable, provided that the Mortgagee may at its option apply all or any unadvanced portion of the principal sum towards payment of such expense and interest;
- (g) **Erection of Improvements:** The Mortgagor will not, without the consent of the Mortgagee in writing, such consent not to be unreasonably withheld, erect, or permit to be erected on the land any improvement, or enter into any contract that may cause the land to be encumbered by a lien for work done, labour provided, services performed or material supplied and will keep the land and improvements free from same;

- (h) **Attornment:** For affording a better security and remedy in this behalf, the Mortgagor, in the case of the land being used in whole or in part as business premises, hereby attorns to and becomes tenant at will of the land to the Mortgagee, from and after the date of this mortgage, at a rent equal in amount to the regular instalments hereunder, to accrue for the periods for and during which such instalments shall accrue, and payable from time to time hereafter, at the times hereinbefore provided for payment of the said instalments, which rent when paid shall to the extent of such payment be in satisfaction of the said instalments; and on any default in such payment or breach of any covenant herein contained, the Mortgagee may enter upon the land and determine the said tenancy without notice; provided that, if such right of entry as aforesaid shall arise, proceedings to enforce the same may, at the option of the Mortgagee, be taken in a summary way under any statute or other law relating to overholding tenants for the time being in force in Alberta, but it is agreed that neither the existence of this subparagraph, nor anything done by virtue thereof, shall render the Mortgagee a mortgagee in possession so as to be accountable for any monies except those actually received;
- (i) **Inspection:** The Mortgagee, its agents, employees, and independent contractors may at any time upon having provided prior written reasonable notice (except in the event of an actual emergency where no notice is required) enter upon the land to inspect the land, and where deemed necessary and/or advisable by the Mortgagee, acting reasonably, to conduct investigations thereon;
- (j) **No Other Encumbrances:** The Mortgagor will not, without the consent of the Mortgagee in writing, such consent not to be unreasonably withheld, grant, create, assume or suffer to exist any mortgage, charge, lien or other encumbrance against the land, whether ranking in priority to or subsequent to this mortgage, and the Mortgagee may pay the amount of any mortgage, charge, lien or other encumbrance, now or hereafter existing upon the land having or claiming priority over this mortgage. All monies so paid shall be added to the monies hereby secured, shall bear interest at the Mortgage Rate and shall be a charge on the land;
- (k) **Provision of Information:** In the event that the Mortgagor derives income from the land at any time during the term hereof through rental or other similar payments, the Mortgagor shall furnish to the Mortgagee a financial statement relating to the operation of the land, and including a current rent roll, within sixty (60) days after the annual operating period for the land and as well shall furnish a copy of any leases of the land upon request by the Mortgagee from time to time.
- (l) **Compliance with Laws:** The Mortgagor covenants with the Mortgagee to at all times promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by laws, ordinances, work orders,

regulations and equivalent of every government authority, including without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, building construction, builders' liens, or public health and safety, and all private covenants and restrictions affecting the land or any portion thereof and the Mortgagor will from time to time, upon request of the Mortgagee, provide to the Mortgagee evidence of such observance and compliance and will at its own expense make any and all improvements thereon or alterations to the land structural or otherwise and will take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order, regulation, covenant or equivalent; and the Mortgagor will cause its tenants, agents and invitees to comply with all the foregoing at their own expense.

- (8) **Environmental Provisions:** The Mortgagor covenants with the Mortgagee that the Mortgagor will not permit or create, and will not allow anyone else to permit or create, any circumstance on the land which constitutes or could reasonably constitute a contravention of any statute, regulation, order, by law, direction or equivalent relating to the protection of the environment. The Mortgagor further covenants with the Mortgagee to at all times promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by laws, ordinances, work orders, regulations and equivalent of every government authority relating to pollution of the environment, contaminants, wastes or toxic or hazardous materials, and all private covenants and restrictions affecting the land or any portion thereof and the Mortgagor will from time to time, upon request of the Mortgagee, provide to the Mortgagee evidence of such observance and compliance and pay immediately when due the cost of removal of any such contaminants, wastes and materials, and will at its own expense make any and all improvements thereon or alterations to the land structural or otherwise and will take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by law, ordinance, work order, regulation, covenant or equivalent; and the Mortgagor will cause its tenants, agents and invitees to comply with all the foregoing at their own expense.

The Mortgagor will indemnify and hold harmless the Mortgagee (and its directors, officers, employees and agents) from and against all loss, cost, damage or expenses (including, without limitation, legal fees and costs incurred in the investigation, defence and settlement of any claim) which: (i) arises from an action or omission of the Mortgagor which occurs during the term of this mortgage; and (ii) is due to: (a) the Mortgagor's failure to comply with any of the covenants and agreements in this clause; or (b) the presence of any contaminant, waste or toxic or hazardous material referred to in this clause, as well as any lien or priority asserted with respect thereto, and this indemnity shall survive the discharge of this mortgage or the release from this mortgage of part or all of the land.

(9) **Remedies for Breach of Covenants:** Upon breach of or default in any covenant or proviso herein contained which is not cured within 5 business days of notice of such default being provided in writing to the Mortgagor by the Mortgagee in the case of the breach of covenant with respect to the payment of money, or within 10 business days of notice of such default being provided in writing to the Mortgagor by the Mortgagee in the case of any other default which does not relate to the payment of money:

- (a) **Balance Due:** The balance of the monies hereby secured shall immediately become due and payable at the option of the Mortgagee unless such breach or default is waived or postponed by the Mortgagee, and provided further that any tender by the Mortgagor of arrears or lawful costs or charges at or after the time that this provision for acceleration shall come into effect shall in no way affect or prejudice the Mortgagee's right to demand and to proceed for the whole balance of the monies hereby secured;
- (b) **May Enter onto Land to Lease or Sell:** If such default has occurred for one (1) month, the Mortgagee may forthwith on written notice, and if such default has continued for two (2) months, the Mortgagee may forthwith without notice, enter on and lease or sell the land; and the Mortgagee may collect the rents and profits and lease or sell as aforesaid without entering into possession of the land; provided, however, that if any such notice as aforesaid be given, the same may be effectually given by leaving the same with an adult person on the land, if occupied, or by placing the same on some portion thereof, if unoccupied, by mailing the same in a registered letter addressed to the Mortgagor at any Post Office in the county or municipality where the land is situate, and shall be sufficient whether or not addressed to any person or persons by name or designation, and notwithstanding that any person or persons to be affected thereby may be unborn, unascertained, or under disability; and the Mortgagee is hereby irrevocably appointed the attorney of the Mortgagor for the purpose of making such lease or sale and for recovering all rents and sums of money that may become or are due or owing to the Mortgagor in respect of the land, and for enforcing all agreements binding on any lessee or occupier of the land or on any other person in respect of it, and for taking and maintaining possession of the land, and for protecting it from waste, damage or trespass, and for making arrangements for completing the construction of, repairing or putting into order any buildings or other improvements on the land, and for conducting remediation to bring the land into compliance with recognized environmental standards, statutory or otherwise, and for executing all instruments, deeds and documents pertaining thereto, and for doing all acts, matters and things that may be necessary for carrying out the powers hereby given; and any such sale may be either for cash or on credit, or part cash and part credit, and by private sale, or public auction, and at such sale the whole or any part or parts of the land may be sold; and the Mortgagee may vary or rescind any contract of sale made by virtue of these presents, and may buy in and resell the land or any part thereof, either by private

sale or public auction, without being responsible for any loss or deficiency on resale or expense occasioned thereby, and may sell on such terms as to credit or otherwise as to it shall seem appropriate, and for such prices as can reasonably be obtained therefor, and may make any stipulation as to title or evidence, or commencement of title, or otherwise as it may deem proper, and no purchaser or lessee under such power shall be bound to enquire into the legality or regularity of any sale or lease under the said power, or to see to the application of the proceeds thereof, nor shall any omission, irregularity or want of notice invalidate or in any way affect the legality of any such sale or lease; and out of the money, arising from such sale or lease the Mortgagee shall be entitled to retain the monies hereby secured, together with all expenses incurred in or about taking, recovering, or keeping possession of the land, selling or leasing the same or otherwise by reason of any default of the Mortgagor hereunder, including solicitors' fees and disbursements as between solicitor and his own client and including all fees, charges, costs and expenses referred to in the paragraph hereof entitled "Costs to Protect Security"; and any balance of monies remaining after the satisfaction of all claims of the Mortgagee, as hereinbefore provided, shall be paid to the Mortgagor but the Mortgagee shall in no event be liable to pay to the Mortgagor any monies except those actually received by the Mortgagee; and in addition the Mortgagee may take foreclosure proceedings in respect of the land in accordance with the provisions of the laws of the Province of Alberta in that behalf; and in the event of any deficiency on account of the monies hereby secured remaining due to the Mortgagee after realizing all the land, then the Mortgagor will pay to the Mortgagee on demand the amount of such deficiency with interest at the Mortgage Rate;

- (c) **Distraint:** The Mortgagee may distrain for arrears of the monies hereby secured, and as part of the consideration for any advance of the principal sum the Mortgagor agrees to waive, and hereby waives, on the exercise of any such right of distress, all rights to exemptions from seizure and distress under any statute of Alberta; and
- (d) **Receivership:** The Mortgagee may appoint a receiver of the income of the land, or any part or parts thereof, and every such receiver shall be the agent of the Mortgagor and the Mortgagor shall be solely responsible for the receiver's acts or defaults; and such receiver shall have power to demand, recover and receive all the income of the land of which he may be appointed receiver, by action, distress, or otherwise, either in the name of the Mortgagor or of the Mortgagee, and to give effectual receipts for the same; provided that such receiver may be removed and a new receiver appointed from time to time by the Mortgagee, by writing under the hand of any authorized agent or solicitor; and it is further agreed that such receiver shall be entitled to retain out of the monies received by him a commission of five per centum (5 %) of the gross receipts, or such higher rate as any judge of any Court having jurisdiction

may allow upon application by him for that purpose, and also his disbursements in the collection of such income, and thereafter shall apply all monies received by him as such receiver as follows: namely, in discharge of all taxes, rates and accounts payable whatsoever affecting the land and all liens, charges (including, without limitation, those imposed under environmental laws), annual sums or other payments and interest thereon, if any, having priority to the mortgage in right whereof he is receiver; and in payment of the premiums on fire insurance payable under this mortgage; and in payment of the cost of all necessary or proper repairs to the land and personal property covered by this mortgage; and in payment of interest accruing due under the provisions of this mortgage; and the balance, if any, thereafter upon the principal sum secured hereby; provided further that neither the existence of the foregoing relating to attornment, to distraint for arrears, to entry upon the land, to foreclosure and to the said receivership, nor anything done by virtue thereof, shall render the Mortgagee a mortgagee in possession so as to be accountable for any monies except those actually received.

No remedy herein conferred is intended to be exclusive of any other remedy or remedies hereunder or under any security collateral hereto, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under any security collateral hereto or now or hereafter existing at law or in equity.

- (10) **Bankruptcy:** If the Mortgagor shall commit an act of bankruptcy within the meaning of the Bankruptcy and Insolvency Act, become bankrupt or insolvent or shall be subject to the provisions of the Bankruptcy and Insolvency Act, the Companies Creditors Arrangement Act, the Winding Up Act or any other Act for the benefit of creditors or relating to bankrupt or insolvent debtors or go into liquidation either voluntarily or under an order of a court of competent jurisdiction or make a general assignment for the benefit of its creditors or otherwise acknowledge its insolvency, or the Mortgagor consents to the appointment of a Receiver or a Receiver is appointed and confirmed by a court of competent jurisdiction, the same shall constitute a breach of covenant pursuant to this mortgage.
- (11) **Compensation for Breach of Covenant:** In case default be made and the payment under this mortgage be accelerated by the Mortgagee as a result thereof or in case default be made in the final payment of the principal sum hereunder and the monies hereby secured be obtained before or after maturity with or without demand, with or without action or by action or other remedy or means or in case of sale under the powers contained in this mortgage; then in any such case the Mortgagee shall be entitled by way of indemnity and compensation for the Mortgagor's breach of covenant and in lieu of notice of the Mortgagor's intention to pay (the right to give and receive notice being hereby waived), to collect and retain, whether out of the proceeds of sale or otherwise, an additional amount equal to six (6) months interest on the principal sum so recovered.

- (12) **Costs to Protect Security:** All fees, charges, costs (including solicitors' costs as between a solicitor and his own client) or expenses levied or charged by any solicitors or inspectors retained by or on behalf of the Mortgagee for the preparation, taking, registration, maintenance, protection or enforcement of this mortgage and any other securities which may be taken by the Mortgagee in connection with the monies hereby secured or any part thereof, together with the costs of any abortive sale and of taking, recovering and keeping possession of the land, the costs of inspecting or managing the same and generally any costs in any other proceeding, matter or thing taken or done in connection with or for completing the construction of, repairing or putting in order any buildings, or for remediation to bring the land into compliance with recognized environmental standards, statutory or otherwise, or to protect or realize upon this mortgage or any other security taken in connection with the monies hereby secured, or to perfect the title of the land, or relating to expropriation of part or all of the land, shall be payable by the Mortgagor to the Mortgagee on demand, and shall bear interest at the Mortgage Rate until paid, and shall be a charge upon the land, and in default of payment the monies hereby secured shall at the option of the Mortgagee forthwith become due and payable unless such default is waived or postponed by the Mortgagee.
- (13) **Extension or Replacement of Covenants:** The Mortgagee may, in its discretion and with or without consent of the Mortgagor, or any co covenantor, guarantor or surety, in respect of the monies hereby secured or any part thereof, give an extension of time, take the covenant or covenants of any purchaser or purchasers of the equity of redemption of the land or any part thereof, or any security whatsoever from them or any of them, or from any other person, for the assumption and payment of the whole or any part of the monies hereby secured or for the due performance of any of the covenants herein contained and any such action on the part of the Mortgagee shall not release the Mortgagor or any co covenantor, guarantor or surety from payment of the said monies or any part thereof or the performance of the said covenants or any of them; and the Mortgagee may also, in its discretion, compound with or release the Mortgagor or any one claiming under him, or any other person or persons liable for any money payable hereunder, or surrender, release or abandon or omit to perfect or enforce any securities, remedies, or proceedings which the Mortgagee may now or hereafter hold, take or acquire, and may pay all monies received from the Mortgagor, or others, or from securities upon such part of the mortgage indebtedness as the Mortgagee may think best without prejudice to or in any way limiting or lessening the liability of the land or of any surety or obligor or any other person liable for payment; and the Mortgagee shall incur no liability to any person by reason of anything aforesaid; any covenant, agreement or liability aforesaid shall continue in full force as long as any monies remain unpaid on this mortgage, but the Mortgagee shall not be bound to exhaust its recourses or remedies against the land or the Mortgagor or other parties or the securities it may hold before being entitled to payment from any co covenantor, guarantor or surety of the amounts guaranteed or secured hereby or herewith.

- (14) **Cross Default:** In the event that the Mortgagor makes default under any security other than this mortgage now or hereafter granted by the Mortgagor to the Mortgagee as additional security for the due performance of the Mortgagor's covenants hereunder, the same shall constitute default under this mortgage and the Mortgagee shall be at liberty to exercise its rights under this mortgage and under any one or more of the other securities, either successively or concurrently, to the same extent as if the time for payment of the principal sum and other monies hereby secured had fully come and expired, and a default by the Mortgagor hereunder shall constitute a default under all other security now or hereafter granted by the Mortgagor to the Mortgagee as additional security for the due performance of the Mortgagor's covenants hereunder.
- (15) **Release of Lands:** The Mortgagee may, in its discretion and with or without consent of the Mortgagor, or any co covenantor, guarantor or surety, release any part or parts of the land or any other security for the monies hereby secured either with or without any consideration therefor, and without being accountable for the value thereof or for any monies except those actually received by it and without hereby releasing any other part or parts of the land or any of the covenants herein contained, including any covenants or agreements on the part of any co covenantor, guarantor or surety for the repayment of the monies hereby secured and the performance of the covenants herein contained.
- (16) **No Merger:** The taking of a judgment on any of the covenants herein contained shall not operate as a merger of any such covenant or affect the Mortgagee's right to interest at the rate and times herein provided.
- (17) **No Waiver:** The permitting of or the acquiescence in the non-performance or non-observance of or the extension of time for the performance of any of the provisions of this mortgage or the acceptance by the Mortgagee of any payment subsequent to any default shall not be or constitute any waiver of or cure any continuing or subsequent default, and shall not justify any default or delay on any other occasion and no waiver shall be inferred from or implied by anything done or omitted by the Mortgagee, except by express agreement.
- (18) **No Apportionment:** Every part, lot or unit into which the land is or may hereafter be divided stands charged with the whole of the monies hereby secured and no person shall have any right to require the monies hereby secured to be apportioned on or in respect of any such part, lot or unit, or to require the charge of this mortgage to be released or discharged in respect of any such part, lot or unit, and the Mortgagor hereby waives any provision of any legislation which provides for such right.
- (19) **All Taxes Paid:** The Mortgagor represents and warrants that he has paid all taxes, interest and penalties payable by it under the provisions of federal, provincial and municipal statutes or by laws relating thereto, and which may create a charge or lien upon the land.
- (20) **No Obligation to Advance:** Neither the execution nor registration of this mortgage nor the advancing of any part of the principal sum shall bind the Mortgagee to advance the

amount of the principal sum or any part thereof; and notwithstanding anything herein contained, all payments to be made on or by virtue of this mortgage shall be made in lawful money of Canada to the Mortgagee at its Head Office or at such other place as the Mortgagee may, from time to time, in writing designate.

- (21) **Renewal:** Without prejudice to any rights of the Mortgagee against the Mortgagor or any other persons liable for the payment of the monies hereby secured, this mortgage may be renewed by an agreement in writing at or before maturity for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrances. And it shall not be necessary to register any such agreement in order to retain priority of this mortgage so altered over any instrument registered subsequently to this mortgage provided, however, that the Mortgagee may at any time, at its option, register a caveat under and by virtue of such renewal agreement. In the event a mortgage renewal agreement is sent to the Mortgagor but the Mortgagor does not sign and return the mortgage renewal agreement to the Mortgagee by the maturity date of the mortgage, the mortgage may, at the option of the Mortgagee, be automatically renewed on the terms contained in the mortgage renewal agreement. The *Interest Act (Canada)* permits the prepayment of mortgages with three (3) months' further interest once five (5) years have elapsed from the date of the mortgage. For the purpose of this statutory right of prepayment only, the Mortgagor agrees that the date of this mortgage if so renewed will be the renewal date stipulated in the renewal agreement.
- (22) **Preparation of Discharge or Transfer:** The Mortgagee shall have a reasonable time after payment in full of the monies hereby secured within which to prepare and execute a discharge or, if requested, a transfer or assignment of the mortgage, and interest at the Mortgage Rate shall continue to run and accrue until actual payment in full has been received by the Mortgagee, and the Mortgagor shall pay to the Mortgagee any fee imposed by the Mortgagee for the provision of such discharge, transfer or assignment as well as all legal and other expenses incurred by the Mortgagee for the preparation and execution of such discharge, transfer or assignment.
- (23) **Construction of Buildings:** In the event that the Mortgagor is erecting buildings upon the land:
- (a) The Mortgagor agrees that it will proceed with due diligence with the erection and completion of the said buildings;
 - (b) The Mortgagee shall be at liberty, in its absolute discretion, to pay off any such liens which may exist or be claimed; and it shall not be liable or responsible to the Mortgagor for the validity or correctness of any such claim, and in case the Mortgagee should pay any such liens to an amount greater than the balance of monies which it shall have on hand to be paid over under this mortgage, such sums so paid shall be a further charge on the land, and shall bear interest at the

Mortgage Rate and shall be immediately payable to it by the Mortgagor and shall be added to the monies hereby secured and shall be a charge on the land;

- (c) In case the Mortgagor should fail in the erection of the said buildings or should neglect to carry on the work of erecting said buildings with reasonable diligence, the Mortgagee may, in its absolute discretion, enter upon the land with power in its absolute discretion to alter the plans and specifications if it deems it necessary to do so in order to complete the said buildings, and may complete the same and apply all or any unadvanced portion of the principal sum towards payment of the costs (and interest thereon, if any) of completing the buildings, without thereby becoming liable as mortgagee in possession. And in case it should be unable properly to complete the same with the monies so remaining in its hands, and should advance or lay out any further sum therefor, such further sum shall be deemed to be a further advance under this mortgage and shall bear interest at the Mortgage Rate, and shall immediately be repayable by the Mortgagor and shall be added to the monies hereby secured and shall be a charge on the land; and
 - (d) In case of such default in the erection of the buildings, or in case any lien is registered against the land, the monies hereby secured shall, at the option of the Mortgagee, immediately become due and payable and the Mortgagee may (whether it proceeds with the buildings as above mentioned or not) exercise its remedies hereunder.
- (24) **Severability:** If any provision of this mortgage or the application thereof to any person is to any extent held invalid or unenforceable, the remainder of this mortgage or the application of such provision to persons other than those with respect to which it is held invalid or unenforceable shall not be affected thereby and shall continue to be enforceable to the fullest extent permitted by law.
- (25) **Miscellaneous:** The words used herein which import the singular number and masculine shall be read and construed as plural and feminine or neuter, as the case may be, and shall apply to the party's heirs, executors, administrators, successors or assigns, as applicable, and in case of more than one Mortgagor, the terms, covenants, provisos, conditions and agreements hereof shall be construed and held to be several as well as joint.
- (26) **Statutory Mortgage Clause:** And for better securing to the Mortgagee the repayment in the manner aforesaid of the monies hereby secured, the Mortgagor hereby mortgages to the Mortgagee all of the Mortgagor's estate and interest in the land.

- (27) **Land Titles Act:** It is understood and intended that this mortgage is made with reference to and under The Land Titles Act of the Province of Alberta.

IN WITNESS WHEREOF this mortgage has been)
 SIGNED, SEALED AND DELIVERED in the)
 presence of)

 Witness (if signed without a Corporate Seal))

 Witness

CANDRE CANNABIS INC.

Per:  _____

(c/s)

Per: _____

AFFIDAVIT OF EXECUTION

(to be completed if executed without a corporate seal)

CANADA) I, _____
 PROVINCE OF ALBERTA) of _____, Alberta
 TO WIT:) MAKE OATH AND SAY THAT:

1. I was personally present and did see _____ and _____ named in the within instrument who is/are known to me to be the persons named therein, duly sign, seal and execute the same for the purpose named therein.
2. That the same was executed at Calgary, Alberta, and that I am the subscribing witness thereto.
3. That I know the said parties and he is/they are in my belief of the full age of eighteen years.

SWORN BEFORE ME at the City of Calgary, in)
 the Province of Alberta, this _____ day of)
 _____, 2018.)
)

 A Commissioner for Oaths in and for the
 Province of Alberta

**AFFIDAVIT VERIFYING
 CORPORATE SIGNING AUTHORITY**

(to be executed if signed without a corporate seal)

I, _____ of _____, Alberta, MAKE OATH AND SAY THAT:

1. I am an officer or a director of **CANDRE CANNABIS INC.** named in the within or annexed instrument.
2. I am authorized by the corporation to execute the instrument without affixing a corporate seal.

SWORN BEFORE ME at the City of Calgary, in)
 the Province of Alberta, this _____ day of)
 _____, 2018.)
)

 A Commissioner for Oaths in and for the
 Province of Alberta

**SCHEDULE TO FIXED RATE COMMERCIAL MORTGAGE
WITH INTEREST ONLY PAYMENTS**

- (a) **Payment:** The Mortgagor will pay to the Mortgagee the principal sum of Five Hundred Eighty Thousand Three Hundred Thirty-Two Dollars and Fifty-Three Cents (\$580,332.53) in lawful money of Canada, at Calgary, Alberta, with interest thereon at the rate of 0.5% percent per month (or six percent (6%) per annum) (the "Mortgage Rate"), calculated monthly and not in advance as well after as before maturity and both before and after default and judgment, until the monies hereby secured shall be fully paid, as follows:
- (i) from and after May 11, 2018, interest at the Mortgage Rate on the principal sum outstanding from time to time shall become due and be paid on the last day of each and every month in each and every year from and including May 31, 2018 to and including December 31, 2020; and
 - (iii) the whole of the principal sum then outstanding shall become due and be paid in full on December 31, 2020; it is agreed that the aforesaid monthly instalments are to be applied to interest calculated as aforesaid on the principal sum; except however that in the case of default by the Mortgagor, the Mortgagee may then apply any payments received during the period of default in whatever order it may elect as between taxes, interest, repairs, insurance premiums or other advances made on behalf of the Mortgagor.
- (b) **Overdue Interest:** All interest on becoming overdue shall be forthwith treated (as to payment of interest thereon) as principal and all such interest and any of the principal sum on becoming overdue shall bear interest at the rate of two percent (2%) per month (or twenty-four percent (24%) per annum) as well after as before maturity of this mortgage and both before and after default and judgment to be computed with rests and paid on the Interest Adjustment Date and semi-annually thereafter in each year and all such interest shall be a charge on the land. In the event of non-payment of any of the monies hereby secured at the time set for payment thereof, the Mortgagor will, so long as any part thereof remains unpaid, pay interest at the rate of two percent (2%) per month (or twenty-four percent (24%) per annum) from day to day.

MORTGAGE AMENDMENT AGREEMENT

Dated: December 31, 2020

BETWEEN:

STRATHMORE LAKES ESTATES LTD.
 (the "Mortgagee")

OF THE FIRST PART

-and-

CANDRE CANNABIS INC.
 (the "Mortgagor")

OF THE SECOND PART

WHEREAS by a mortgage dated May 10, 2018 (hereinafter called the "Mortgage") and registered in the Land Titles Office for the South Alberta Land Registration District on May 25, 2018 as Instrument No. 181 106 564, the Mortgagor mortgaged the following lands and premises:

PLAN 1810863
 BLOCK 3
 LOT 8
 EXCEPTING THEREOUT ALL MINES AND MINERALS

(which land, together with any buildings thereon, is (unless the context otherwise requires) hereinafter referred to as "the land").

to secure repayment of the sum of **FIVE HUNDRED AND EIGHTY THOUSAND THREE HUNDRED AND THIRTY TWO DOLLARS AND FIFTY THREE CENTS (\$580,332.53)** (the "Principal Sum") with interest on the said sum as follows:

- (a) at the rate of 0.5% percent per month (or six (6%) per annum) calculated monthly not in advance;

AND WHEREAS for the purposes of this Mortgage Amendment Agreement, this Mortgage Amendment Agreement and the Mortgage, shall collectively be referred to hereafter as the "Mortgage", as amended;

AND WHEREAS the Mortgagor hereby represents that the Mortgagor remains the registered owner of the land subject to the Mortgage;

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NOW THEREFORE this Agreement witnesseth that in consideration of the premises, of the amendments to the Mortgage by the Mortgagee and of the sum of \$1.00 now paid to the Mortgagor by the Mortgagee (the receipt and sufficiency of which is hereby acknowledged by the Mortgagor) the Mortgagor covenants and agrees with the Mortgagee that the Mortgage shall be renewed, amended and varied as follows:

1. The Maturity Date of the Mortgage is extended from December 31, 2020 to July 31, 2021, so that the full balance of the principal sum and any outstanding interest shall fall due and payable on July 31, 2021 and paragraph (a) of the Schedule to the Mortgage is revoked and replaced with the following:
 - (a) **Payment:** The Mortgagor will pay to the Mortgagee the principal sum of Five Hundred Eighty Thousand Three Hundred Thirty-Two Dollars and Fifty-Three Cents (\$580,332.53) in lawful money of Canada, at Calgary, Alberta, with interest thereon at the rate of 0.5% percent per month (or six percent (6%) per annum) (the "Mortgage Rate"), calculated monthly and not in advance as well after as before maturity and both before and after default and judgment, until the monies hereby secured shall be fully paid, as follows:
 - (i) from and after May 11, 2018, interest at the Mortgage Rate on the principal sum outstanding from time to time shall become due and be paid on the last day of each and every month in each and every year from and including May 31, 2018 to and including July 31, 2021; and
 - (iii) the whole of the principal sum then outstanding shall become due and be paid in full on July 31, 2021; it is agreed that the aforesaid monthly instalments are to be applied to interest calculated as aforesaid on the principal sum; except however that in the case of default by the Mortgagor, the Mortgagee may then apply any payments received during the period of default in whatever order it may elect as between taxes, interest, repairs, insurance premiums or other advances made on behalf of the Mortgagor.
2. All other terms and conditions contained in the Mortgage except as specifically amended and varied herein shall remain unchanged and in full force and effect and shall enure to the benefit of, and be enforceable by, not only the Mortgagee but its successors and assigns.




- 3 -

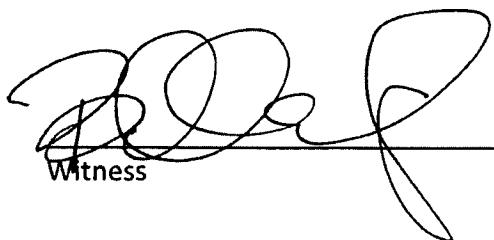
3. This Mortgage Amendment Agreement may be executed in counterparts and such counterpart executed copies shall constitute an original. Furthermore, this Second Mortgage Amendment Agreement may be executed by facsimile or electronic signature and execution in such manner shall be deemed to be originally executed.

IN WITNESS WHEREOF the parties hereto have executed these presents as of the date first above written.


Witness

STRATHMORE LAKES ESTATES LTD.

Per: 
(Affix corporate seal here)


Witness

CANDRE CANNABIS INC.

Per: 
(Affix corporate seal here)

SECOND MORTGAGE AMENDMENT AGREEMENT

BETWEEN:

Dated: 3 Aug, 2021**STRATHMORE LAKES ESTATES LTD.**
(the "Mortgagee")

OF THE FIRST PART

-and-

CANDRE CANNABIS INC.
(the "Mortgagor")

OF THE SECOND PART

WHEREAS by a mortgage dated May 10, 2018 and Mortgage Renewal and Amendment Agreement dated December 31, 2020 (herein after collectively called the "Mortgage") and registered in the Land Titles Office for the South Alberta Land Registration District on May 11, 2021 as Instrument No's. 181 106 564 and 211 093 439, respectively, the mortgagor mortgaged the following lands and premises:

PLAN 1810863
BLOCK 3
LOT 8
EXCEPTING THEREOUT ALL MINES AND MINERALS

(which land, together with any buildings thereon, is (unless the context otherwise requires) hereinafter referred to as "the land").

AND WHEREAS for the purposes of this Second Mortgage Amendment Agreement, the Mortgage and the Mortgage Amendment Agreement, shall collectively be referred to as the "Mortgage", as amended;

AND WHEREAS the Mortgagor hereby represents that the Mortgagor remains the registered owner of the land subject to the Mortgage;

NOW THEREFORE this Agreement witnesseth that in consideration of the premises, of the amendments to the Mortgage by the Mortgagee and of the sum of \$1.00 now paid to the Mortgagor by the Mortgagee (the receipt and sufficiency of which is hereby acknowledged by the Mortgagor) the Mortgagor covenants and agrees with the Mortgagee that the Mortgage shall be renewed, amended and varied as follows:

1. The Maturity Date of the Mortgage is extended from August 31, 2021 to December 15, 2021, so that the full balance of the principal sum and any outstanding interest shall fall due and payable on December 15, 2021 and paragraph (a) of the Schedule to the Mortgage is revoked with the following:

- (a) **Payment:** The Mortgagor will pay to the Mortgagee the principal sum of FIVE HUNDRED AND EIGHTY THOUSAND THREE HUNDRED AND THIRTY TWO DOLLARS AND FIFTY THREE

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- 2 -

CENTS (\$580,332.53) in lawful money of Canada, at Calgary, Alberta, with interest thereon at the rate of 0.5% per annum (the "Mortgage Rate"), calculated annually and not in advance as well after as before maturity and both before and after default and judgment, until the monies hereby secured shall be fully paid, as follows:

- (i) from and after May 11, 2018, interest at the mortgage Rate on the principal sum outstanding from time to time shall become due and be paid on the last day of each and every month in each and every year and including May 31, 2018 and including December 15, 2021;
 - (ii) the whole principal sum then outstanding shall become due and be paid in full on December 15, 2021; it is agreed that the aforesaid monthly instalments are to be applied to interest calculate as foresaid on the principal sum; except however that in the case of default by the Mortgagor, the Mortgagee may then apply any payments received during the period of default in whatever order it may elect as between taxes, interest, repairs, insurance premiums or other advances made on behalf of the Mortgagor.
2. All other terms and conditions contained in the Mortgage except as specifically amended and varied herein shall remain unchanged and in full force and effect and shall inure to the benefit of, and be enforceable by, not only the Mortgagee but its successors and assigns.
3. This Second Mortgage Amendment Agreement may be executed in counterparts and such counterpart executed copies shall constitute an original. Furthermore, this Second Mortgage Amendment Agreement may be executed by facsimile or electronic signature and execution in such manner shall be deemed to be originally executed.

IN WITNESS WHEREOF the parties hereto have executed these presents as of the date first above written.

STRATHMORE LAKES ESTATES LTD.

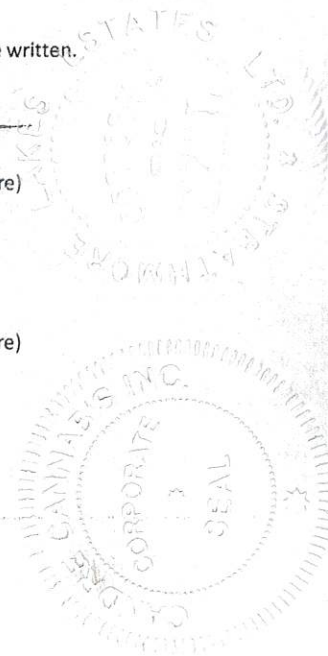
Per: 
(Affix corporate seal here)

Witness

CANDRE CANNABIS INC.

Per: 
(Affix corporate seal here)

Witness



- 3 -

AFFIDAVIT OF EXECUTION*(To be completed when signed by an individual or by a corporation without seal)*

I, _____, of the City of Calgary, in the Province of Alberta, MAKE OATH AND SAY THAT:

1. I was personally present and did see _____ and _____ named in the within instrument who is (are) known to me to be the person(s) named therein, duly sign, seal and execute the same for the purposes named therein.
2. That the same was executed at the City of Calgary, in the Province of Alberta, and that I am the subscribing witness thereto.
3. That I know the said person(s) named in paragraph 1 and he (she) (they) is (are) in my belief of the full age of eighteen years.

SWORN BEFORE ME at the City of Calgary
in the Province of Alberta, this _____ day of
_____, 2021.

A Commissioner for Oaths in and for the
Province of Alberta

)
)
)
)
)

Signature of Witness

AFFIDAVIT VERIFYING CORPORATE SIGNING AUTHORITY*(To be completed when signed by a corporation without seal)*

I, _____ of _____, in the Province of Alberta
MAKE OATH AND SAY THAT:

1. I am an officer (or a director) of CANDRE CANNABIS INC., named in the within instrument.
2. I am authorized by the corporation to execute the instrument without affixing a corporate seal.

SWORN BEFORE ME at the City of Calgary
in the Province of Alberta, this _____ day of
_____, 2021.

A Commissioner for Oaths in and for the
Province of Alberta

)
)
)
)

Signature of Witness

ASSIGNMENT OF INDEBTEDNESS AND SECURITY AGREEMENT

THIS ASSIGNMENT OF INDEBTEDNESS AND SECURITY AGREEMENT (this "**Agreement**") is made effective as of the 3rd day of February, 2022.

AMONG:

STRATHMORE LAKES ESTATES LTD., as Assignor
(hereinafter referred to as the "**Assignor**")

OF THE FIRST PART

AND

ENZIO HOLDINGS LTD., as Assignee
(hereinafter referred to as the "**Assignee**")

OF THE SECOND PART

AND

CANDRE CANNABIS INC., as Borrower
(hereinafter referred to as the "**Borrower**")

WHEREAS:

- A. The Assignor, as mortgagee, entered into a mortgage with the Borrower, as mortgagor, dated May 10, 2018 (the "**Original Mortgage**"), which was registered in the Alberta Land titles Office as Instrument Number 181 106 564. Pursuant to the Original Mortgage the Assignor made a loan to the Borrower in the principal sum of Cdn. \$580,332.53 (the "**Loan**").
- B. The Original Mortgage was amended by a mortgage amending agreement dated December 31, 2020 (the "**First Mortgage Amending Agreement**") and a second mortgage amendment agreement dated August 30, 2021 (the "**Second Mortgage Amending Agreement**" together with the First Mortgage Amending Agreement and the Original Mortgage, the "**Mortgage**").
- C. The Assignor provided a notice of default to Borrower on January 13, 2022 alleging that the Borrower failed to pay the principal sum under the Mortgage as and when due.
- D. The Assignee, the Assignor and the Borrower are party to a tripartite agreement dated May 11, 2018 (the "**Tripartite Agreement**"), which, *inter alia*, sets out the respective rights and obligations of the Assignee and Assignor as creditors of the Borrower.
- E. The Assignee wishes to purchase from the Assignor and the Assignor has agreed to sell, assign and transfer to the Assignee, all of the Indebtedness and the Assigned Rights (each as defined herein).

NOW THEREFORE, in consideration of the payment of the Purchase Price (as defined below) by the Assignee to the Assignor and the other covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of the foregoing being hereby acknowledged by each of the parties hereto, the parties each hereby agree as follows:

1. In consideration for the payment of the sum of Cdn. \$584,645.24 (the "**Purchase Price**") made by the Assignee to the Assignor, the receipt and sufficiency of which is hereby acknowledged, effective as of the date hereof, the Assignor hereby grants, assigns, transfers and makes over unto the Assignee:
 - (a) all present and future indebtedness, fees, expenses and other liabilities and obligations, direct or indirect, absolute or contingent, due by the Borrower to the Assignor under, pursuant to, or in connection with, the Mortgage, including, without limitation, all monies, demands and choses in action now due, owing or accruing or growing due or which may hereafter become due, owing or accruing or growing due, to the Assignor under, pursuant to, or in connection with the Mortgage (hereinafter collectively called the "**Indebtedness**");
 - (b) its entire right, title, estate and interest in and to:
 - (i) the Mortgage; and
 - (ii) any other document or agreement granted by the Borrower or any other party in favour of the Assignor pursuant to the Mortgage or in connection with the Loan, (collectively, the "**Loan Documents**"); and
 - (c) without limiting the foregoing, the benefit of all legal opinions issued in respect of the Mortgage, the Loan and the Loan Documents, together with all supporting certificates, documents and authorizations granted by the Borrower or any party in respect thereof, (collectively the "**Assigned Rights**"),

for the use and benefit of the Assignee, subject to the terms and conditions hereinafter set forth.
2. Effective upon the Assignor's receipt of the Purchase Price:
 - (a) the Assignor shall provide the Assignee with copies of each Loan Document (other than the Mortgage), if any;
 - (b) the Assignee shall be entitled to, at any time, direct the Borrower to make payments relating to or in connection with the Indebtedness directly to the Assignee; and
 - (c) the Assignor expressly authorizes the Assignee to collect, demand, sue for, enforce, recover and receive the Assigned Rights and to give valid and binding receipts and discharges therefor and in respect thereof, the whole to the same extent and with the same effect as if the Assignee were the absolute owner thereof. The Assignee shall not be liable or accountable for any failure to collect, enforce or realize any of the Assigned Rights and shall not be bound to institute proceedings for the purpose of collecting, enforcing or realizing the same or for the purpose of preserving any right of the Assignee, the Assignor or any other person, firm, corporation or other entity in respect of the same.

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3. Other than as expressly set forth in Section 4 hereof, the Assignee acknowledges and agrees that the Assigned Rights are being assigned by the Assignor to the Assignee without any warranty or representation from the Assignor whatsoever.
4. The Assignor represents and warrants to and in favour of the Assignee that:
 - (a) it is the legal and beneficial owner of the Assigned Rights and the Assigned Rights have not been previously sold or assigned by the Assignor to any other party;
 - (b) the Assigned Rights are free and clear of any lien, encumbrance or other adverse claim;
 - (c) upon payment of the Purchase Price, neither the Borrower nor any other party (including, the Assignee) shall have further liability or indebtedness to the Assignor under the Mortgage or any other Loan Document, including, pursuant to any default or alleged default of the Borrower under the Loan Documents;
 - (d) the amount of Cdn. \$584,645.24 comprising the Indebtedness accurately reflects the aggregate amount of all indebtedness, liabilities and obligations of the Borrower to the Assignor, as of the date hereof, arising under, pursuant to, or in connection with the Mortgage and all other Loan Documents; and
 - (e) it has full power and capacity, and has taken all action necessary, to execute and deliver this Agreement to the Assignee.
5. The Assignee represents and warrants to and in favour of the Assignor that the execution and delivery of this Agreement has been duly authorized and all corporate and other approvals and resolutions have been obtained prior to the execution and delivery of this Agreement for the purpose of ensuring that the Agreement is valid, effective and binding upon the Assignee.
6. The Assignor agrees to deliver all documents or instruments as may be reasonably required to effectively transfer to the Assignee any registrations related to the Mortgage or the Loan at the Alberta Land Titles Office or otherwise, including without limitation, a registerable transfer of mortgage and registerable transfers of caveat in respect of the caveats relating to the First Mortgage Amending Agreement and the Second Mortgage Amending Agreement, respectively.
7. The parties acknowledge and agree that upon closing of the transactions contemplated herein, the Tripartite Agreement shall terminate and be of no further force or effect.
8. The Assignor covenants and agrees, at the request of the Assignee, to execute and deliver or cause to be delivered to the Assignee, at the expense of the Assignor, all such further assurances and documents as may be necessary or desirable to give effect to the intent hereof. All monies received by the Assignor from the collection of the Assigned Rights (or any of them) after the date hereof shall be received in trust for the Assignee.
9. The parties agree to keep this Agreement confidential and to disclose the contents of this Agreement only to such officers, directors, employees, agents, consultants, legal advisors or experts of the parties who need to know the terms of this Agreement.
10. Time shall be of the essence of this Agreement.

11. The Assignor and the Assignee each confirm that they have reviewed this Agreement with their respective legal counsel.
12. This Agreement shall be binding on the Assignor and its successors and assigns and shall enure to the benefit of the Assignee and its successors and assigns.
13. This Agreement constitutes the entire agreement of the parties relating to the subject matter hereof and may not be amended or modified except by written consent executed by all parties. There are no representations, warranties or undertakings between the parties hereto with respect to the subject matter hereof other than as set out in this Agreement.
14. This Agreement is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein. There shall be no application of any conflict of laws or rules which would result in any laws other than internal laws in force in the Province of Alberta applying to this Agreement. The parties hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Agreement, or any of the transactions contemplated hereby, without prejudice to the rights of the Assignee to take proceedings in other jurisdictions in which any of the Assigned Rights may be situate.
15. If any of the provisions of this Agreement contravene or are invalid pursuant to any applicable law, then such contravention or invalidity shall not invalidate this Agreement, but this Agreement shall be construed as if it did not contain the provision which is in contravention or invalid and the rights and the obligations of the Assignee and the Assignor under this Agreement shall be enforced accordingly.

[Signatures Follow on Next Page]

16. This Agreement may be executed in several counterparts (including by facsimile or PDF electronic copy or other electronic means), each of which when so executed shall be deemed to be an original instrument and when all parties have executed a counterpart hereof, all such counterparts together shall constitute but one and the same Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Assignment of Indebtedness and Security Agreement all as of the day and year first above written.

STRATHMORE LAKES ESTATES LTD.

Per: 
Authorized Signatory

ENZIO HOLDINGS LTD.

Per: _____
Authorized Signatory

CANDRE CANNABIS INC.

Per: _____
Authorized Signatory

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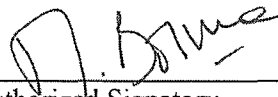
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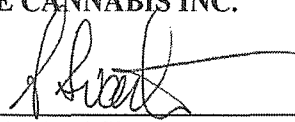
STRATHMORE LAKES ESTATES LTD.

Per: _____
Authorized Signatory

ENZIO HOLDINGS LTD.

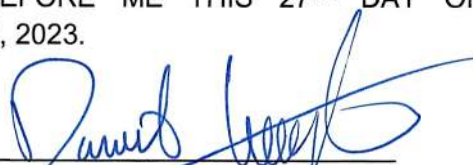
Per:  _____
Authorized Signatory

CANDRE CANNABIS INC.

Per:  _____
Authorized Signatory

THIS IS **EXHIBIT "F"** REFERRED TO IN THE
AFFIDAVIT OF SVEINUNG SVARTE.

SWORN BEFORE ME THIS 27TH DAY OF
FEBRUARY, 2023.



A Commissioner for Oaths
in and for the Province of Alberta

David LeGeyt
Barrister & Solicitor

GUARANTEE

This Guarantee is dated as of May 11, 2018 and is made by Calyptra Cultivation Inc. (the "**Guarantor**") in favour of Enzo Holdings Ltd. (the "**Creditor**").

Recitals:

A. The Guarantor desires to execute, deliver and perform this Guarantee in order to assist Candre Cannabis Inc. (the "**Borrower**") for the mutual benefit of the Guarantor and the Borrower in connection with the Loan Agreement (as defined below).

B. It is a condition of the Creditor's obligations to make advances under the Loan Agreement that this Guarantee be entered into.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor covenants and agrees with the Creditor as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Guarantee, terms and expressions defined in the description of the parties, recitals and the Loan Agreement shall, when used herein and unless otherwise defined herein, have the same meanings as are ascribed to them therein, and:

"**Enforcement Event**" means a demand by the Creditor on the Borrower for payment of the Guaranteed Obligations made after the occurrence and during the continuance of an Event of Default;

"**Guarantee**" means this guarantee, as amended, modified, replaced, restated or supplemented from time to time and all acknowledgements in respect hereof;

"**Guaranteed Obligations**" means, collectively, all obligations, indebtedness, liabilities, covenants, agreements and undertakings of the Borrower to the Creditor (including fees, expenses, costs and indemnities), present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, and any ultimate unpaid balance thereof, in each case under the Loan Agreement, and whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again; and "**Guaranteed Obligation**" means any of them; and

"**Loan Agreement**" means the loan agreement dated May 11, 2018 between the Creditor, as lender, and the Borrower, as borrower, providing for a Cdn.\$18,600,000 term credit facility, as such loan agreement may be amended, modified, replaced, restated or supplemented from time to time.

1.2 References

Unless something in the subject matter or context is inconsistent herewith, all references to Sections, Articles and Schedules are to Sections and Articles of and Schedules to this Guarantee. The words "hereto", "hereof", "hereunder" and similar expressions mean and refer to this Guarantee. In this Guarantee words importing the singular number include the plural and vice versa; words importing gender include masculine, feminine and neuter; where any term or expression is defined herein, derivations of such term or expression shall have a corresponding meaning; words and terms denoting

inclusiveness (such as "include" or "includes" or "including") or particularity are, whether or not so stated, not limited by their context or by the words or phrases which precede or succeed them; references to any statute, act or other legislative enactment shall be to such statute, act or other legislative enactment as amended from time to time or replaced by a statute, act or other legislative enactment dealing with substantially the same subject matter as the statute, act or other legislative enactment so replaced; and references to any agreement, contract, document, license or other instrument shall be to such agreement, contract, document, license or other instrument as amended, modified, replaced, restated, extended, renewed or supplemented from time to time. The headings and the Article and Section titles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Guarantee.

ARTICLE 2

GUARANTEE AND POSTPONEMENT

2.1 Unconditional Guarantee

The Guarantor hereby absolutely, unconditionally and irrevocably guarantees to the Creditor the due and punctual payment, discharge and full performance of all Guaranteed Obligations. The Guarantor covenants that the Guaranteed Obligations will be fully and punctually paid and performed strictly in accordance with the terms of the Loan Agreement and any other Loan Document (as applicable), whether the same become due on maturity, by mandatory prepayment, by demand, acceleration or otherwise. The Guarantor hereby indemnifies the Creditor on demand against any loss or liability suffered by it as a result of any Guaranteed Obligation being or becoming unenforceable, invalid or illegal.

2.2 Continuing Obligation

The obligation of the Guarantor hereunder shall be a continuing obligation and a fresh cause of action hereunder shall be deemed to arise in respect of each Enforcement Event. This Guarantee shall remain in full force and effect in accordance with its terms until the final and indefeasible payment in full and performance of the Guaranteed Obligations. The Guarantor agrees that it will from time to time at the request of the Creditor deliver to the Creditor suitable acknowledgments of its continued liability hereunder and under any instrument collateral or supplemental hereto, in such form as counsel for the Creditor may reasonably advise and as shall be necessary to prevent any action brought against the Guarantor in respect of any default hereunder or under any covenant herein contained being barred by any statute of limitations now or hereafter in force pursuant to Applicable Law, and in the event of the failure of the Guarantor to do so, it hereby irrevocably appoints the Creditor the lawful and duly constituted attorney and agent of the Guarantor to make, execute and deliver such written acknowledgments or other instruments as may from time to time become necessary or advisable, in the judgment of the Creditor, to fully maintain and keep in force the liability of the Guarantor hereunder or under any instrument collateral or supplemental hereto or in implementation hereof.

2.3 Receipt of Loan Agreement; Covenants

The Guarantor hereby acknowledges having received a copy of the Loan Agreement and the other Loan Documents and understands the Guaranteed Obligations thereunder. The Guarantor shall be responsible for ensuring that it receives directly from the Borrower such copies as it desires to receive of all amendments, modifications or supplements to the Loan Agreement, the other Loan Documents and of any other documents, instruments or agreements which are executed in the future pursuant to which any Guaranteed Obligations may arise, it being understood and agreed that the Creditor shall not in any manner have any obligation to ensure such receipt nor shall lack of receipt in any way affect the absolute and unconditional nature of the Guarantor's obligations hereunder.

The Guarantor consents and agrees to be bound by any provision in the Loan Agreement which relates to the Guarantor. In addition, the Guarantor covenants and agrees that it shall perform each and every term, covenant, condition and agreement which the Borrower has covenanted in the Loan Agreement to cause the Guarantor to perform, and the Guarantor will comply with each and every term, covenant, condition and agreement which the Borrower has covenanted under the Loan Agreement to cause the Guarantor to comply with, when and as provided for by the terms of the Loan Agreement and the Guarantor will not do anything which would result in a breach of the Loan Agreement.

The Guarantor confirms and makes and repeats on its own behalf in favour of the Creditor each of the representations and warranties set forth in the Loan Agreement to the extent such representations and warranties relate to the Guarantor or any matter in respect thereof, and shall be deemed to make, repeat and re-affirm each such representation and warranty on each date on which such representations and warranties are made or deemed to be made or re-made by the Borrower under the Loan Agreement, all to the same extent as if the Guarantor was a party to the Loan Agreement, and all as though such representations and warranties were set out at length herein.

2.4 Statement of Obligations

The statement in writing of the Creditor from time to time of the indebtedness, obligations or liability of the Borrower to it shall be binding upon the Guarantor and shall be *prima facie* evidence, absent manifest error, of the amount of the applicable Guaranteed Obligations. All rights to question in any way its present or future method of dealing with the Borrower, or with any persons now or hereafter liable to the Creditor for the Guaranteed Obligations or any part thereof, are hereby waived. The Guarantor renounces all benefits of discussion and division.

2.5 Not Bound to Exhaust Recourse

The Creditor shall not be bound to exhaust its recourse against the Borrower or to pursue any rights or remedies it may have against the Borrower or any other persons, or to make any demand on or present any note to the Borrower or any other person, or file any proof of claim in any insolvency, administration, arrangement, winding-up, liquidation or bankruptcy before demanding or being entitled to payment from the Guarantor pursuant to and in accordance with Section 3.1 of this Guarantee.

2.6 Corporate Authority

The Creditor shall not be concerned to see or enquire into the powers of the Borrower or any of its directors, officers or agents acting or purporting to act on its behalf, and all moneys, advances, renewals and credits in fact borrowed or obtained in the professed exercise of such powers shall be deemed to form part of the Guaranteed Obligations even if irregularly, fraudulently, defectively or informally effected or in excess of the powers of the Borrower or any of the directors, officers or agents thereof, and notwithstanding any incapacity or disability of any thereof, and further notwithstanding any actual or constructive notice of the powers of the Borrower or its directors, officers or agents.

2.7 Reinstatement

Where any discharge (whether in respect of the obligations of the Borrower, any security for such obligations or otherwise) is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is avoided or must be repaid on insolvency, bankruptcy, administration, arrangement, liquidation or otherwise, the liability of the Guarantor under this Guarantee shall continue as if there had been no such discharge or arrangement. The Creditor shall be entitled to

concede or compromise any claim that any such payment, security or other disposition is liable to avoidance or repayment.

2.8 Subordination and Postponement

The Guarantor hereby subordinates and postpones in all respects (including, the right to payment, priority of security and realization in respect of security) the payment of any and all amounts which the Borrower may owe to the Guarantor from time to time and at any time until the Guaranteed Obligations have been paid and satisfied in full, and in order to give further effect to this subordination and postponement, the Guarantor hereby agrees to hold in trust for the Creditor any amounts received from the Guarantor following the occurrence and during the continuance of an Event of Default and to pay over such amounts to the Creditor on demand. The Guarantor hereby grants to the Creditor a continuing first priority Security Interest (subject to Permitted Encumbrances arising by operation of law) in and to all present and future indebtedness and liabilities of the Borrower to the Guarantor howsoever arising, whether direct or indirect, absolute or contingent, matured or not.

ARTICLE 3 PAYMENTS

3.1 Payments

The Guarantor shall, on demand by the Creditor made following the occurrence and during the continuance of an Event of Default, at any time and from time to time thereafter, forthwith pay to the Creditor the Guaranteed Obligations which are in default, including all interest thereon at the rate prescribed in the Loan Agreement, until payment is received in full by the Creditor or otherwise perform the Guaranteed Obligations in respect of which demand was made, as the case may be.

3.2 Currency

The Guarantor expressly acknowledges that the Guaranteed Obligations may be payable in Canadian dollars or in one of several other currencies or partly in one currency and partly in others, and the Guarantor agrees to make all payments in the currency or currencies in which the Guaranteed Obligation is then denominated.

ARTICLE 4 REMEDIES

4.1 Exercise of Remedies

If the Guarantor shall fail to pay or perform the Guaranteed Obligations forthwith on demand as herein provided, the Creditor shall have the right in its discretion to proceed against the Guarantor for enforcement of this Guarantee or any instrument collateral or supplemental hereto or in implementation hereof by any remedy provided or permitted hereby and thereby or by Applicable Law, and whether by legal proceedings or otherwise, and to recover from the Guarantor such sums as the Guarantor may be liable to pay hereunder and any and all such sums actually received by the Creditor shall be applied against the Guarantor's obligations hereunder and the Guaranteed Obligations in such manner as the Creditor deems appropriate.

4.2 Other Guarantees Not Affected

This Guarantee shall be in addition to and not in substitution of or for any other guarantee now or hereafter held by the Creditor for the Guaranteed Obligations, and this Guarantee shall not, nor be deemed to, operate as a merger of any other obligations of the Guarantor to the Creditor, all of which shall remain in full force and effect.

4.3 No Waiver

No failure or delay on the part of the Creditor in exercising any right or remedy under this Guarantee shall operate as a waiver of such right or remedy, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy in law, by statute, equity or otherwise conferred. No waiver of any provision of this Guarantee shall be effective otherwise than by an instrument in writing dated subsequent to the date hereof, executed by a duly authorized representative of the Creditor and then only for the particular instance for which it is so given. No notice to or demand on the Guarantor shall be deemed to be a waiver of the obligation of the Guarantor or of the right of the Creditor to take further action without notice or demand as provided herein.

ARTICLE 5 ACKNOWLEDGEMENTS

5.1 No Release of Guarantor's Obligations

The Guarantor acknowledges and agrees that:

- (a) the Creditor may (i) grant extensions of time or other indulgences, renew, take, give up or surrender any Security Interest, accept compositions, grant releases and discharges and otherwise deal with the Borrower, any other person, the Guaranteed Obligations and any Security Interest in respect thereof as the Creditor may see fit, (ii) directly or indirectly waive, change, amend, modify, supplement or grant consents or acknowledgements under the Loan Agreement or any Security Interests in respect thereof, (iii) apply all monies received from the Borrower or any other person, or from the enforcement of any Security Interest, against such part of the Guaranteed Obligations as the Creditor may deem appropriate, all of the foregoing without prejudice to or in any way releasing, discharging, terminating, limiting, reducing, lessening, impairing or in any way affecting the indebtedness, obligations and liabilities of the Guarantor under this Guarantee, or otherwise subjecting the Creditor to a defence of any kind, including any defence of set-off, counterclaim or recoupment;
- (b) the Creditor shall not be bound to commence or exhaust its recourse against the Borrower, other guarantors, other persons or any security it may hold before being entitled to payment from the Guarantor under this Guarantee;
- (c) none of the following events shall discharge, terminate, release, limit, reduce, lessen, impair or in any way affect the indebtedness, obligations and liabilities of the Guarantor under this Guarantee or otherwise subject the Creditor to a defence of any kind, including any defence of set-off, counterclaim or recoupment:
 - (i) the release of, failure to obtain or perfect or loss or exchange of or in respect of any Security Interest received by the Creditor with respect to any Guaranteed Obligation,

whether from the Borrower, any other guarantor or any other person, whether occasioned through the fault of the Creditor or otherwise;

- (ii) any incapacity, disability or lack or limitation of status or power of the Guarantor, any other Loan Party or any other person or of the directors, officers, employees, partners or agents thereof, or that the Guarantor, any other Loan Party or any other person may not be a legal entity, or any irregularity, defect or informality in the borrowing or obtaining of moneys or credits, or incurring liabilities, in respect of the Guaranteed Obligations;
- (iii) the release or failure to prove or assert any claim or demand or enforce any right or remedy against the Borrower, any other guarantor or others, in any manner whatsoever including in any bankruptcy, winding-up, compromise or other proceeding relating to the creditors of such parties;
- (iv) any failure of the Creditor to make any presentment, demand for performance, notice of non performance, protest, and any other notice, including notice of (A) acceptance of this Guarantee, (B) partial payment or non payment of all or any part of the Guaranteed Obligations, or (C) the existence, creation, or incurring of new or additional Guaranteed Obligations;
- (v) the rescission, illegality, invalidity or unenforceability of all or any part of the Guaranteed Obligations;
- (vi) merging of any document, instrument or agreement relating to the Guaranteed Obligations or the obligations of the Borrower, any other guarantor or any other person thereunder;
- (vii) any change in the identity, ownership or capacity of the Creditor, whether by amalgamation, consolidation, merger, reorganization, addition, substitution, removal, succession, assignment, grant of a participation, transfer or otherwise;
- (viii) any act or proceeding in relation to the Loan Agreement, this Guarantee, or any other guarantee;
- (ix) the benefit of any law which provides that the obligation of a guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal obligation or which reduces a guarantor's obligation in proportion to the principal obligations;
- (x) the failure of the Creditor to marshal any assets;
- (xi) any failure of the Creditor to give to the Guarantor, any other Loan Party or any other person notice of any sale or other disposition of any property securing any or all of the Guaranteed Obligations or any guarantee thereof, or any defect in any notice that may be given in connection with any sale or other disposition of any such property, or any failure of the Creditor to comply with any provision of Applicable Law in enforcing any Security Interest in or upon any such property, including any failure by the Creditor to dispose of any such property in a commercially reasonable manner;
- (xii) any amendment or change in the manner, time, place of payment or calculation of the amounts owing under, or any other term of, any Guaranteed Obligation, or any other

amendment or waiver of or consent to or departure from the terms of the Loan Agreement;

- (xiii) the (A) liquidation, winding-up, bankruptcy, dissolution, compromise, proposal, arrangement, plan of reorganization or other event or proceeding relating to, or which might affect the existence, obligations, creditors, assets, business or affairs of, (B) change or changes in the name of, or (C) amalgamation, consolidation, merger or reorganization of any kind, of, or with respect to, the Borrower, the Guarantor or any other guarantor or person;
- (xiv) the impossibility or impracticality of performance, or force majeure, any act of any governmental authority, or any other circumstance which might constitute a defence available to, or a discharge of, the Borrower in respect of the Guaranteed Obligations or of the Guarantor under this Guarantee;
- (xv) any dealing whatsoever with the Guarantor, any other Loan Party or other person or any security, or any failure to do so;
- (xvi) the existence of any claim, set-off or other rights which the Guarantor may have at any time against the Borrower or the Creditor;
- (xvii) any extinguishment of all or any of the Guaranteed Obligations for any reason whatsoever (other than the actual satisfaction thereof or an agreement by the Creditor that the liabilities of the Guarantor in respect of such Guaranteed Obligations are extinguished); or
- (xviii) any other circumstance, event or happening whatsoever, whether foreseen or unforeseen and whether similar or dissimilar to anything referred to in any of the foregoing.

5.2 Certain Acknowledgments of the Guarantor

The Guarantor acknowledges, covenants and agrees with the Creditor as follows:

- (a) upon making demand hereunder, the Creditor shall be entitled to continue to exercise such rights and remedies notwithstanding that the default may subsequently have been remedied or cured; and
- (b) all of the Creditor's remedies hereunder and under any document, instrument or agreement relating to the Guaranteed Obligations, are cumulative and not exclusive and action thereon or procurement of judgment shall not operate as a merger of or preclude or lessen any other remedy or right.

5.3 Waiver of Notice

The Guarantor waives all notices which may be required by any statute, rule of law, contract or otherwise to preserve any rights of the Creditor against the Guarantor.

5.4 Subrogation

Upon the payment or performance in full by the Guarantor of the Guaranteed Obligations, the Guarantor shall be immediately subrogated to all right, title and interest of the Creditor

with respect thereto and under the Loan Agreement, and shall be entitled, in its sole discretion, to pursue all rights and remedies available to it with respect to such subrogated right, title and interest and to receive for its own account payments otherwise due to the Creditor under the Loan Agreement or by operation of law with respect thereto. The Creditor agrees that at any time and from time to time after payment or performance in full by the Guarantor of the Guaranteed Obligations it will, without recourse, promptly and duly execute and deliver any and all such further instruments and documents and take such action as may reasonably be requested by the Guarantor in order to obtain the full benefits of the subrogation rights contained herein and by action of law, including the assignment and transfer to the Guarantor of all of the Creditor's right, title and interest in and to the Loan Agreement and notice of such assignment and transfer to the parties to and beneficiaries of the Loan Agreement. The Guarantor shall have no right to be subrogated in any rights of the Creditor under the Loan Agreement until the Creditor shall have received full, final and indefeasible payment and performance in full of the Guaranteed Obligations and the Creditor has no further obligation to extend credit or advance money to or for the benefit of the Borrower.

ARTICLE 6 REPRESENTATIONS

6.1 Representations

The Guarantor represents and warrants that it has determined that its liability and obligation under this Guarantee may reasonably be expected to substantially benefit the Guarantor directly, and the Guarantor's board of directors has made that determination. The Borrower and the Guarantor are mutually dependent on each other in the conduct of their respective businesses and are in, and do, business together as an integrated business enterprise. The maintenance and improvement of the Borrower's financial condition is vital to sustaining the business of the Guarantor and the transactions supported by this Guarantee produce distinct and identifiable financial and economic direct benefits to the Guarantor. The Guarantor has had full and complete access to the underlying Loan Documents relating to the Guaranteed Obligations. The Guarantor is fully informed of all circumstances which bear upon the risks of executing this Guarantee which a diligent inquiry would reveal. The Guarantor has adequate means to obtain from the Borrower, on a continuing basis, information concerning the Borrower's financial condition, and is not depending on the Creditor to provide such information, now or in the future. The Guarantor agrees that the Creditor shall not have any obligation to advise or notify the Guarantor or to provide the Guarantor with any data or information.

ARTICLE 7 WITHHOLDING TAXES

7.1 Payment Net of Withholding Taxes

The Guarantor shall make all payments required hereunder, whether by way of principal, interest or otherwise, without withholding any Taxes. If the Guarantor is required by Law to deduct any withholding Taxes from or in respect of any amounts payable under this Guarantee (i) the amounts payable by the Guarantor hereunder will be increased by the amount necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 7.1) the Creditor will receive an amount equal to the sum it would have received had no such deductions been made, (ii) the Guarantor will make such deductions and (iii) the Guarantor will pay the full amount deducted to the relevant taxing authority or other Governmental Authority in accordance with Applicable Law.

ARTICLE 8 EXPENSES, INDEMNITY AND JUDGMENT CURRENCY

8.1 Expenses

The Guarantor shall pay all reasonable expenses (including legal fees and expenses on a solicitor and his own client, full indemnity, basis) incurred by the Creditor in connection with the preparation, perfection, execution, protection, enforcement of and advice with respect to this Guarantee (including the protection and enforcement of the rights of the Creditor hereunder) and such expenses shall, from the time they are paid by the Creditor until repaid by the Guarantor, bear interest at the highest rate applicable to the Guaranteed Obligations.

8.2 Indemnity

The Guarantor will and does hereby indemnify and save harmless the Creditor from and against any and all liabilities, actions, claims, judgments, obligations, costs, charges or expenses, including reasonable legal fees and expenses on a solicitor and his own client, full indemnity, basis, made against or incurred by the Creditor as a result of taking this Guarantee. The Creditor shall have the right to defend against any such liabilities, actions, claims and charges and to claim from the Guarantor all expenses incurred in connection therewith, together with all legal fees and expenses on a solicitor and his own client, full indemnity, basis that may be paid in connection therewith. It is understood and agreed that the covenants and conditions of this Section shall remain in full force and effect notwithstanding the termination of this Guarantee.

8.3 Judgment Currency

In the event of a judgment or order being rendered by any court or tribunal for the payment of any amount owing under this agreement, or for the payment of damages in respect of any breach of or default under this agreement, or in respect of a judgment or order of another court or tribunal for the payment of such amount or damages, such judgment or order being expressed in a currency (the "**Judgment Currency**") different from the currency which the Borrower and the Creditor have agreed shall apply thereto under any document, instrument or agreement relating thereto (the "**Agreed Currency**"), the Guarantor shall indemnify and hold harmless the Creditor against any deficiency in terms of the Agreed Currency in the amounts actually received by the Creditor arising or resulting from any difference between: (i) the rate of exchange at which the Agreed Currency is converted into the Judgment Currency for the purposes of such judgment or order; and (ii) the rate of exchange at which the Creditor is able to purchase the Agreed Currency with the amount of the Judgment Currency actually received by the Creditor on the Business Day following receipt. The indemnity in this Section 8.3 shall constitute a separate and independent obligation of the Guarantor from its other obligations under this Guarantee. The term "rate of exchange" as used in this Section 8.3 shall include any premiums and costs of exchange payable in connection with the purchase of, or conversion into, the relevant currency.

ARTICLE 9 MISCELLANEOUS

9.1 Payment on Stay

If:

- (a) the Borrower or the Guarantor is prevented from making payment of any of the Guaranteed Obligations when it would otherwise be required to do so; or

(b) the Creditor is prevented from demanding payment of the Guaranteed Obligations;

in each case because of a stay or other judicial proceeding or any other legal impediment, all Guaranteed Obligations or other amounts otherwise subject to demand, acceleration or payment shall, subject to Applicable Law, nevertheless be payable by the Guarantor as provided for hereunder.

9.2 Prohibited Rate

In no event shall any interest or fee to be paid hereunder exceed the maximum rate permitted by Applicable Law. In the event any such interest rate or fee exceeds such maximum rate, such rate shall be adjusted downward to the highest rate (expressed as a percentage per annum) or fee that the parties could validly have agreed to by contract on the date hereof under Applicable Law. It is further agreed that any excess actually received by the Creditor shall be credited against the Guaranteed Obligations.

9.3 No Collateral Agreements

There are no representations, collateral agreements or conditions with respect to this Guarantee or affecting the Guarantor's obligations and liabilities hereunder other than as contained herein.

9.4 Governing Law

This Guarantee is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and of Canada applicable therein. There shall be no application of any conflict of laws or rules which would result in any laws other than internal laws in force in the Province of Alberta applying to this Guarantee. The Guarantor hereby irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Guarantee, or any of the transactions contemplated hereby, without prejudice to the rights of the Creditor to take proceedings in other jurisdictions.

9.5 Notice

Any notice, communication or demand to be made or given hereunder shall be in writing and may be made or given by personal delivery or by facsimile or other electronic means of communication addressed as follows:

(a) if to the Guarantor, at:

Calyptra Cultivation Inc.
c/o Candre Cannabis Inc.
202, 279 Midpark Way SE
Calgary, Alberta T2X 1M2

Attention: President and Chief Executive Officer
Email: jbeaudry@candrecannabis.com

(b) if to the Creditor, at:

Enzio Holdings Ltd.
840, 517 – 10 Avenue SW
Calgary, Alberta T2R 0A8

Attention: Muriel Bourra
Email: muriel.bourra@shaw.ca

or to such other address or facsimile number as any party may from time to time notify the other in accordance with this Section. Any notice, communication or demand made or given by personal delivery during usual business hours at the place of receipt on a Business Day shall be deemed to have been given on the day of actual delivery thereof. Any notice, communication or demand made or given by personal delivery after usual business hours on a Business Day or by facsimile or other electronic means of communication shall be deemed to have been given, on the first Business Day following the transmittal thereof.

9.6 Invalidity of Provisions

In case any of the provisions of this Guarantee should be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

9.7 Further Assurances

The Guarantor hereby agrees with the Creditor that it shall, forthwith and from time to time execute and do or cause to be executed and done all documents, deeds, acts and assurances which in the reasonable opinion of the Creditor are necessary or advisable to give effect to the obligations of the Guarantor as contemplated hereunder.

9.8 Amendment

This Guarantee shall not be varied in its terms otherwise than by an instrument in writing dated subsequent to the date hereof, executed by duly authorized representatives of the Guarantor and the Creditor.

9.9 Time of the Essence

In this Guarantee, time is of the essence.

9.10 Enurement and Assignment

This Guarantee shall be binding upon the Guarantor and its successors and permitted assigns and shall enure to the benefit of the Creditor and its successors and assigns. The Creditor may, from time to time, assign or transfer its rights and obligations (if any) under this Guarantee, or any interest therein, without the prior consent of the Guarantor and such assignee, transferee or participant shall be entitled to the full benefits thereof. The Guarantor may not assign, in whole or in part, its rights or obligations under this Guarantee without the prior written consent of the Creditor.

9.11 Paramountcy

In the event of any conflict, ambiguity or inconsistency between this Guarantee and the Loan Agreement, the terms of the Loan Agreement shall govern and prevail to the extent necessary to remove the conflict, ambiguity or inconsistency.


9.12 Termination

The Guarantor shall not be discharged from this Guarantee except by written release and discharge signed by the Creditor or automatically upon all of the Guaranteed Obligations being indefeasibly repaid, paid, satisfied or discharged in full, as the case may be, and the cancellation of the Loan.

[signature page follows]

IN WITNESS WHEREOF the Guarantor has duly executed this Guarantee as of the date and year first above written.

CALYPTRA CULTIVATION INC.

Per: 
Name: Jesse Beaudry
Title: President & CEO

LIMITED RECOURSE GUARANTEE

This Limited Recourse Guarantee is dated as of May 11, 2018 and is made by Frondis Holdings Ltd. (the "**Guarantor**") in favour of Enzo Holdings Ltd. (the "**Creditor**").

Recitals:

A. The Guarantor desires to execute, deliver and perform this Guarantee in order to assist Candre Cannabis Inc. (the "**Borrower**") for the mutual benefit of the Guarantor and the Borrower in connection with the Loan Agreement (as defined below).

B. It is a condition of the Creditor's obligations to make advances under the Loan Agreement that this Guarantee be entered into.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor covenants and agrees with the Creditor as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Guarantee, terms and expressions defined in the description of the parties, recitals and the Loan Agreement shall, when used herein and unless otherwise defined herein, have the same meanings as are ascribed to them therein, and:

"**Enforcement Event**" means a demand by the Creditor on the Borrower for payment of the Guaranteed Obligations made after the occurrence and during the continuance of an Event of Default;

"**Guarantee**" means this limited recourse guarantee, as amended, modified, replaced, restated or supplemented from time to time and all acknowledgements in respect hereof;

"**Guaranteed Obligations**" means, collectively, all obligations, indebtedness, liabilities, covenants, agreements and undertakings of the Borrower to the Creditor (including fees, expenses, costs and indemnities), present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, and any ultimate unpaid balance thereof, in each case under the Loan Agreement, and whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again; and "**Guaranteed Obligation**" means any of them;

"**Guarantor Collateral**" means, collectively, all of the Guarantor's property, assets, rights and undertaking from time to time subjected to the mortgages, security interests or charges created by the Share Pledge, including, without limitation, the Pledged Collateral (as defined in Share Pledge);

"**Loan Agreement**" means the loan agreement dated May 11, 2018 between the Creditor, as lender, and the Borrower, as borrower, providing for a Cdn.\$18,600,000 term credit facility, as such loan agreement may be amended, modified, replaced, restated or supplemented from time to time; and

"**Share Pledge**" means the share pledge dated as of May 11, 2018, granted by the Guarantor, as pledgor, in favour of the Creditor, as lender, as such share pledge may be amended, modified, replaced, restated or supplemented from time to time.

1.2 References

Unless something in the subject matter or context is inconsistent herewith, all references to Sections, Articles and Schedules are to Sections and Articles of and Schedules to this Guarantee. The words "hereto", "hereof", "hereunder" and similar expressions mean and refer to this Guarantee. In this Guarantee words importing the singular number include the plural and vice versa; words importing gender include masculine, feminine and neuter; where any term or expression is defined herein, derivations of such term or expression shall have a corresponding meaning; words and terms denoting inclusiveness (such as "include" or "includes" or "including") or particularity are, whether or not so stated, not limited by their context or by the words or phrases which precede or succeed them; references to any statute, act or other legislative enactment shall be to such statute, act or other legislative enactment as amended from time to time or replaced by a statute, act or other legislative enactment dealing with substantially the same subject matter as the statute, act or other legislative enactment so replaced; and references to any agreement, contract, document, license or other instrument shall be to such agreement, contract, document, license or other instrument as amended, modified, replaced, restated, extended, renewed or supplemented from time to time. The headings and the Article and Section titles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Guarantee.

ARTICLE 2 GUARANTEE AND POSTPONEMENT

2.1 Unconditional Guarantee

The Guarantor hereby absolutely, unconditionally and irrevocably guarantees to the Creditor the due and punctual payment, discharge and full performance of all Guaranteed Obligations. The Guarantor covenants that the Guaranteed Obligations will be fully and punctually paid and performed strictly in accordance with the terms of the Loan Agreement and any other Loan Document (as applicable), whether the same become due on maturity, by mandatory prepayment, by demand, acceleration or otherwise. The Guarantor hereby indemnifies the Creditor on demand against any loss or liability suffered by it as a result of any Guaranteed Obligation being or becoming unenforceable, invalid or illegal.

2.2 Continuing Obligation

The obligation of the Guarantor hereunder shall be a continuing obligation and a fresh cause of action hereunder shall be deemed to arise in respect of each Enforcement Event. This Guarantee shall remain in full force and effect in accordance with its terms until the final and indefeasible payment in full and performance of the Guaranteed Obligations. The Guarantor agrees that it will from time to time at the request of the Creditor deliver to the Creditor suitable acknowledgments of its continued liability hereunder and under any instrument collateral or supplemental hereto, in such form as counsel for the Creditor may reasonably advise and as shall be necessary to prevent any action brought against the Guarantor in respect of any default hereunder or under any covenant herein contained being barred by any statute of limitations now or hereafter in force pursuant to Applicable Law, and in the event of the failure of the Guarantor to do so, it hereby irrevocably appoints the Creditor the lawful and duly constituted attorney and agent of the Guarantor to make, execute and deliver such written acknowledgments or other instruments as may from time to time become necessary or advisable, in the judgment of the Creditor, to fully maintain and keep in force the liability of the Guarantor hereunder or under any instrument collateral or supplemental hereto or in implementation hereof.

2.3 Receipt of Loan Agreement; Covenants

The Guarantor hereby acknowledges having received a copy of the Loan Agreement and the other Loan Documents and understands the Guaranteed Obligations thereunder. The Guarantor shall be responsible for ensuring that it receives directly from the Borrower such copies as it desires to receive of all amendments, modifications or supplements to the Loan Agreement, the other Loan Documents and of any other documents, instruments or agreements which are executed in the future pursuant to which any Guaranteed Obligations may arise, it being understood and agreed that the Creditor shall not in any manner have any obligation to ensure such receipt nor shall lack of receipt in any way affect the absolute and unconditional nature of the Guarantor's obligations hereunder.

2.4 Statement of Obligations

The statement in writing of the Creditor from time to time of the indebtedness, obligations or liability of the Borrower to it shall be binding upon the Guarantor and shall be *prima facie* evidence, absent manifest error, of the amount of the applicable Guaranteed Obligations. All rights to question in any way its present or future method of dealing with the Borrower, or with any persons now or hereafter liable to the Creditor for the Guaranteed Obligations or any part thereof, are hereby waived. The Guarantor renounces all benefits of discussion and division.

2.5 Not Bound to Exhaust Recourse

The Creditor shall not be bound to exhaust its recourse against the Borrower or to pursue any rights or remedies it may have against the Borrower or any other persons, or to make any demand on or present any note to the Borrower or any other person, or file any proof of claim in any insolvency, administration, arrangement, winding-up, liquidation or bankruptcy before demanding or being entitled to payment from the Guarantor pursuant to and in accordance with Section 3.1 of this Guarantee.

2.6 Corporate Authority

The Creditor shall not be concerned to see or enquire into the powers of the Borrower or any of its directors, officers or agents acting or purporting to act on its behalf, and all moneys, advances, renewals and credits in fact borrowed or obtained in the professed exercise of such powers shall be deemed to form part of the Guaranteed Obligations even if irregularly, fraudulently, defectively or informally effected or in excess of the powers of the Borrower or any of the directors, officers or agents thereof, and notwithstanding any incapacity or disability of any thereof, and further notwithstanding any actual or constructive notice of the powers of the Borrower or its directors, officers or agents.

2.7 Reinstatement

Where any discharge (whether in respect of the obligations of the Borrower, any security for such obligations or otherwise) is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is avoided or must be repaid on insolvency, bankruptcy, administration, arrangement, liquidation or otherwise, the liability of the Guarantor under this Guarantee shall continue as if there had been no such discharge or arrangement. The Creditor shall be entitled to concede or compromise any claim that any such payment, security or other disposition is liable to avoidance or repayment.

2.8 Subordination and Postponement

The Guarantor hereby subordinates and postpones in all respects (including, the right to payment, priority of security and realization in respect of security) the payment of any and all amounts which the Borrower may owe to the Guarantor from time to time and at any time until the Guaranteed Obligations have been paid and satisfied in full, and in order to give further effect to this subordination and postponement, the Guarantor hereby agrees to hold in trust for the Creditor any amounts received from the Guarantor following the occurrence and during the continuance of an Event of Default and to pay over such amounts to the Creditor on demand. The Guarantor hereby grants to the Creditor a continuing first priority Security Interest (subject to Permitted Encumbrances arising by operation of law) in and to all present and future indebtedness and liabilities of the Borrower to the Guarantor howsoever arising, whether direct or indirect, absolute or contingent, matured or not.

ARTICLE 3 PAYMENTS

3.1 Payments

The Guarantor shall, on demand by the Creditor made following the occurrence and during the continuance of an Event of Default, at any time and from time to time thereafter, forthwith pay to the Creditor the Guaranteed Obligations which are in default, including all interest thereon at the rate prescribed in the Loan Agreement, until payment is received in full by the Creditor or otherwise perform the Guaranteed Obligations in respect of which demand was made, as the case may be.

3.2 Currency

The Guarantor expressly acknowledges that the Guaranteed Obligations may be payable in Canadian dollars or in one of several other currencies or partly in one currency and partly in others, and the Guarantor agrees to make all payments in the currency or currencies in which the Guaranteed Obligation is then denominated.

ARTICLE 4 REMEDIES

4.1 Exercise of Remedies

If the Guarantor shall fail to pay or perform the Guaranteed Obligations forthwith on demand as herein provided, the Creditor shall have the right in its discretion to proceed against the Guarantor for enforcement of this Guarantee or any instrument collateral or supplemental hereto or in implementation hereof by any remedy provided or permitted hereby and thereby or by Applicable Law, and whether by legal proceedings or otherwise, and to recover from the Guarantor such sums as the Guarantor may be liable to pay hereunder and any and all such sums actually received by the Creditor shall be applied against the Guarantor's obligations hereunder and the Guaranteed Obligations in such manner as the Creditor deems appropriate.

4.2 Other Guarantees Not Affected

This Guarantee shall be in addition to and not in substitution of or for any other guarantee now or hereafter held by the Creditor for the Guaranteed Obligations, and this Guarantee shall not, nor be deemed to, operate as a merger of any other obligations of the Guarantor to the Creditor, all of which shall remain in full force and effect.

4.3 No Waiver

No failure or delay on the part of the Creditor in exercising any right or remedy under this Guarantee shall operate as a waiver of such right or remedy, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy in law, by statute, equity or otherwise conferred. No waiver of any provision of this Guarantee shall be effective otherwise than by an instrument in writing dated subsequent to the date hereof, executed by a duly authorized representative of the Creditor and then only for the particular instance for which it is so given. No notice to or demand on the Guarantor shall be deemed to be a waiver of the obligation of the Guarantor or of the right of the Creditor to take further action without notice or demand as provided herein.

ARTICLE 5 ACKNOWLEDGEMENTS

5.1 No Release of Guarantor's Obligations

The Guarantor acknowledges and agrees that:

- (a) the Creditor may (i) grant extensions of time or other indulgences, renew, take, give up or surrender any Security Interest, accept compositions, grant releases and discharges and otherwise deal with the Borrower, any other person, the Guaranteed Obligations and any Security Interest in respect thereof as the Creditor may see fit, (ii) directly or indirectly waive, change, amend, modify, supplement or grant consents or acknowledgements under the Loan Agreement or any Security Interests in respect thereof, (iii) apply all monies received from the Borrower or any other person, or from the enforcement of any Security Interest, against such part of the Guaranteed Obligations as the Creditor may deem appropriate, all of the foregoing without prejudice to or in any way releasing, discharging, terminating, limiting, reducing, lessening, impairing or in any way affecting the indebtedness, obligations and liabilities of the Guarantor under this Guarantee, or otherwise subjecting the Creditor to a defence of any kind, including any defence of set-off, counterclaim or recoupment;
- (b) the Creditor shall not be bound to commence or exhaust its recourse against the Borrower, other guarantors, other persons or any security it may hold before being entitled to payment from the Guarantor under this Guarantee;
- (c) none of the following events shall discharge, terminate, release, limit, reduce, lessen, impair or in any way affect the indebtedness, obligations and liabilities of the Guarantor under this Guarantee or otherwise subject the Creditor to a defence of any kind, including any defence of set-off, counterclaim or recoupment:
 - (i) the release of, failure to obtain or perfect or loss or exchange of or in respect of any Security Interest received by the Creditor with respect to any Guaranteed Obligation, whether from the Borrower, any other guarantor or any other person, whether occasioned through the fault of the Creditor or otherwise;
 - (ii) any incapacity, disability or lack or limitation of status or power of the Guarantor, any other Loan Party or any other person or of the directors, officers, employees, partners or agents thereof, or that the Guarantor, any other Loan Party or any other person may not be a legal entity, or any irregularity, defect or informality in the borrowing or obtaining of moneys or credits, or incurring liabilities, in respect of the Guaranteed Obligations;

- (iii) the release or failure to prove or assert any claim or demand or enforce any right or remedy against the Borrower, any other guarantor or others, in any manner whatsoever including in any bankruptcy, winding-up, compromise or other proceeding relating to the creditors of such parties;
- (iv) any failure of the Creditor to make any presentment, demand for performance, notice of non performance, protest, and any other notice, including notice of (A) acceptance of this Guarantee, (B) partial payment or non payment of all or any part of the Guaranteed Obligations, or (C) the existence, creation, or incurring of new or additional Guaranteed Obligations;
- (v) the rescission, illegality, invalidity or unenforceability of all or any part of the Guaranteed Obligations;
- (vi) merging of any document, instrument or agreement relating to the Guaranteed Obligations or the obligations of the Borrower, any other guarantor or any other person thereunder;
- (vii) any change in the identity, ownership or capacity of the Creditor, whether by amalgamation, consolidation, merger, reorganization, addition, substitution, removal, succession, assignment, grant of a participation, transfer or otherwise;
- (viii) any act or proceeding in relation to the Loan Agreement, this Guarantee, or any other guarantee;
- (ix) the benefit of any law which provides that the obligation of a guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal obligation or which reduces a guarantor's obligation in proportion to the principal obligations;
- (x) the failure of the Creditor to marshal any assets;
- (xi) any failure of the Creditor to give to the Guarantor, any other Loan Party or any other person notice of any sale or other disposition of any property securing any or all of the Guaranteed Obligations or any guarantee thereof, or any defect in any notice that may be given in connection with any sale or other disposition of any such property, or any failure of the Creditor to comply with any provision of Applicable Law in enforcing any Security Interest in or upon any such property, including any failure by the Creditor to dispose of any such property in a commercially reasonable manner;
- (xii) any amendment or change in the manner, time, place of payment or calculation of the amounts owing under, or any other term of, any Guaranteed Obligation, or any other amendment or waiver of or consent to or departure from the terms of the Loan Agreement;
- (xiii) the (A) liquidation, winding-up, bankruptcy, dissolution, compromise, proposal, arrangement, plan of reorganization or other event or proceeding relating to, or which might affect the existence, obligations, creditors, assets, business or affairs of, (B) change or changes in the name of, or (C) amalgamation, consolidation, merger or reorganization of any kind, of, or with respect to, the Borrower, the Guarantor or any other guarantor or person;

- (xiv) the impossibility or impracticality of performance, or force majeure, any act of any governmental authority, or any other circumstance which might constitute a defence available to, or a discharge of, the Borrower in respect of the Guaranteed Obligations or of the Guarantor under this Guarantee;
- (xv) any dealing whatsoever with the Guarantor, any other Loan Party or other person or any security, or any failure to do so;
- (xvi) the existence of any claim, set-off or other rights which the Guarantor may have at any time against the Borrower or the Creditor;
- (xvii) any extinguishment of all or any of the Guaranteed Obligations for any reason whatsoever (other than the actual satisfaction thereof or an agreement by the Creditor that the liabilities of the Guarantor in respect of such Guaranteed Obligations are extinguished); or
- (xviii) any other circumstance, event or happening whatsoever, whether foreseen or unforeseen and whether similar or dissimilar to anything referred to in any of the foregoing.

5.2 Certain Acknowledgments of the Guarantor

The Guarantor acknowledges, covenants and agrees with the Creditor as follows:

- (a) upon making demand hereunder, the Creditor shall be entitled to continue to exercise such rights and remedies notwithstanding that the default may subsequently have been remedied or cured; and
- (b) all of the Creditor's remedies hereunder and under any document, instrument or agreement relating to the Guaranteed Obligations, are cumulative and not exclusive and action thereon or procurement of judgment shall not operate as a merger of or preclude or lessen any other remedy or right.

5.3 Waiver of Notice

The Guarantor waives all notices which may be required by any statute, rule of law, contract or otherwise to preserve any rights of the Creditor against the Guarantor.

5.4 Subrogation

Upon the payment or performance in full by the Guarantor of the Guaranteed Obligations, the Guarantor shall be immediately subrogated to all right, title and interest of the Creditor with respect thereto and under the Loan Agreement, and shall be entitled, in its sole discretion, to pursue all rights and remedies available to it with respect to such subrogated right, title and interest and to receive for its own account payments otherwise due to the Creditor under the Loan Agreement or by operation of law with respect thereto. The Creditor agrees that at any time and from time to time after payment or performance in full by the Guarantor of the Guaranteed Obligations it will, without recourse, promptly and duly execute and deliver any and all such further instruments and documents and take such action as may reasonably be requested by the Guarantor in order to obtain the full benefits of the subrogation rights contained herein and by action of law, including the assignment and transfer to the Guarantor of all of the Creditor's right, title and interest in and to the Loan Agreement and notice of such assignment and transfer to the parties to and beneficiaries of the Loan Agreement. The Guarantor shall

have no right to be subrogated in any rights of the Creditor under the Loan Agreement until the Creditor shall have received full, final and indefeasible payment and performance in full of the Guaranteed Obligations and the Creditor has no further obligation to extend credit or advance money to or for the benefit of the Borrower.

ARTICLE 6 REPRESENTATIONS

6.1 Representations

The Guarantor represents and warrants that it has determined that its liability and obligation under this Guarantee may reasonably be expected to substantially benefit the Guarantor directly, and the Guarantor's board of directors has made that determination. The Borrower and the Guarantor are mutually dependent on each other in the conduct of their respective businesses and are in, and do, business together as an integrated business enterprise. The maintenance and improvement of the Borrower's financial condition is vital to sustaining the business of the Guarantor and the transactions supported by this Guarantee produce distinct and identifiable financial and economic direct benefits to the Guarantor. The Guarantor has had full and complete access to the underlying Loan Documents relating to the Guaranteed Obligations. The Guarantor is fully informed of all circumstances which bear upon the risks of executing this Guarantee which a diligent inquiry would reveal. The Guarantor has adequate means to obtain from the Borrower, on a continuing basis, information concerning the Borrower's financial condition, and is not depending on the Creditor to provide such information, now or in the future. The Guarantor agrees that the Creditor shall not have any obligation to advise or notify the Guarantor or to provide the Guarantor with any data or information.

ARTICLE 7 WITHHOLDING TAXES

7.1 Payment Net of Withholding Taxes

The Guarantor shall make all payments required hereunder, whether by way of principal, interest or otherwise, without withholding any Taxes. If the Guarantor is required by Law to deduct any withholding Taxes from or in respect of any amounts payable under this Guarantee (i) the amounts payable by the Guarantor hereunder will be increased by the amount necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 7.1) the Creditor will receive an amount equal to the sum it would have received had no such deductions been made, (ii) the Guarantor will make such deductions and (iii) the Guarantor will pay the full amount deducted to the relevant taxing authority or other Governmental Authority in accordance with Applicable Law.

ARTICLE 8 EXPENSES, INDEMNITY AND JUDGMENT CURRENCY

8.1 Expenses

The Guarantor shall pay all reasonable expenses (including legal fees and expenses on a solicitor and his own client, full indemnity, basis) incurred by the Creditor in connection with the preparation, perfection, execution, protection, enforcement of and advice with respect to this Guarantee (including the protection and enforcement of the rights of the Creditor hereunder) and such expenses shall, from the time they are paid by the Creditor until repaid by the Guarantor, bear interest at the highest rate applicable to the Guaranteed Obligations.

8.2 Indemnity

The Guarantor will and does hereby indemnify and save harmless the Creditor from and against any and all liabilities, actions, claims, judgments, obligations, costs, charges or expenses, including reasonable legal fees and expenses on a solicitor and his own client, full indemnity, basis, made against or incurred by the Creditor as a result of taking this Guarantee. The Creditor shall have the right to defend against any such liabilities, actions, claims and charges and to claim from the Guarantor all expenses incurred in connection therewith, together with all legal fees and expenses on a solicitor and his own client, full indemnity, basis that may be paid in connection therewith. It is understood and agreed that the covenants and conditions of this Section shall remain in full force and effect notwithstanding the termination of this Guarantee.

8.3 Judgment Currency

In the event of a judgment or order being rendered by any court or tribunal for the payment of any amount owing under this agreement, or for the payment of damages in respect of any breach of or default under this agreement, or in respect of a judgment or order of another court or tribunal for the payment of such amount or damages, such judgment or order being expressed in a currency (the "**Judgment Currency**") different from the currency which the Borrower and the Creditor have agreed shall apply thereto under any document, instrument or agreement relating thereto (the "**Agreed Currency**"), the Guarantor shall indemnify and hold harmless the Creditor against any deficiency in terms of the Agreed Currency in the amounts actually received by the Creditor arising or resulting from any difference between: (i) the rate of exchange at which the Agreed Currency is converted into the Judgment Currency for the purposes of such judgment or order; and (ii) the rate of exchange at which the Creditor is able to purchase the Agreed Currency with the amount of the Judgment Currency actually received by the Creditor on the Business Day following receipt. The indemnity in this Section 8.3 shall constitute a separate and independent obligation of the Guarantor from its other obligations under this Guarantee. The term "rate of exchange" as used in this Section 8.3 shall include any premiums and costs of exchange payable in connection with the purchase of, or conversion into, the relevant currency.

ARTICLE 9 MISCELLANEOUS

9.1 Payment on Stay

If:

- (a) the Borrower or the Guarantor is prevented from making payment of any of the Guaranteed Obligations when it would otherwise be required to do so; or
- (b) the Creditor is prevented from demanding payment of the Guaranteed Obligations;

in each case because of a stay or other judicial proceeding or any other legal impediment, all Guaranteed Obligations or other amounts otherwise subject to demand, acceleration or payment shall, subject to Applicable Law, nevertheless be payable by the Guarantor as provided for hereunder.

9.2 Prohibited Rate

In no event shall any interest or fee to be paid hereunder exceed the maximum rate permitted by Applicable Law. In the event any such interest rate or fee exceeds such maximum rate, such rate shall be adjusted downward to the highest rate (expressed as a percentage per annum) or fee that the

parties could validly have agreed to by contract on the date hereof under Applicable Law. It is further agreed that any excess actually received by the Creditor shall be credited against the Guaranteed Obligations.

9.3 No Collateral Agreements

There are no representations, collateral agreements or conditions with respect to this Guarantee or affecting the Guarantor's obligations and liabilities hereunder other than as contained herein.

9.4 Governing Law

This Guarantee is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and of Canada applicable therein. There shall be no application of any conflict of laws or rules which would result in any laws other than internal laws in force in the Province of Alberta applying to this Guarantee. The Guarantor hereby irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Guarantee, or any of the transactions contemplated hereby, without prejudice to the rights of the Creditor to take proceedings in other jurisdictions.

9.5 Notice

Any notice, communication or demand to be made or given hereunder shall be in writing and may be made or given by personal delivery or by facsimile or other electronic means of communication addressed as follows:

- (a) if to the Guarantor, at:

Frondis Holdings Ltd.
2400, 525 – 8 Avenue SW
Calgary, AB T2P 1G1

Attention: _____
Email: _____

- (b) if to the Creditor, at:

Enzio Holdings Ltd.
840, 517 – 10 Avenue SW
Calgary, Alberta T2R 0A8

Attention: Muriel Bourra
Email: muriel.bourra@shaw.ca

or to such other address or facsimile number as any party may from time to time notify the other in accordance with this Section. Any notice, communication or demand made or given by personal delivery during usual business hours at the place of receipt on a Business Day shall be deemed to have been given on the day of actual delivery thereof. Any notice, communication or demand made or given by personal delivery after usual business hours on a Business Day or by facsimile or other electronic means of communication shall be deemed to have been given, on the first Business Day following the transmittal thereof.

9.6 Invalidity of Provisions

In case any of the provisions of this Guarantee should be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

9.7 Further Assurances

The Guarantor hereby agrees with the Creditor that it shall, forthwith and from time to time execute and do or cause to be executed and done all documents, deeds, acts and assurances which in the reasonable opinion of the Creditor are necessary or advisable to give effect to the obligations of the Guarantor as contemplated hereunder.

9.8 Amendment

This Guarantee shall not be varied in its terms otherwise than by an instrument in writing dated subsequent to the date hereof, executed by duly authorized representatives of the Guarantor and the Creditor.

9.9 Time of the Essence

In this Guarantee, time is of the essence.

9.10 Enurement and Assignment

This Guarantee shall be binding upon the Guarantor and its successors and permitted assigns and shall enure to the benefit of the Creditor and its successors and assigns. The Creditor may, from time to time, assign or transfer its rights and obligations (if any) under this Guarantee, or any interest therein, without the prior consent of the Guarantor and such assignee, transferee or participant shall be entitled to the full benefits thereof. The Guarantor may not assign, in whole or in part, its rights or obligations under this Guarantee without the prior written consent of the Creditor.

9.11 Paramountcy

In the event of any conflict, ambiguity or inconsistency between this Guarantee and the Loan Agreement, the terms of the Loan Agreement shall govern and prevail to the extent necessary to remove the conflict, ambiguity or inconsistency.

9.12 Termination

The Guarantor shall not be discharged from this Guarantee except by written release and discharge signed by the Creditor or automatically upon all of the Guaranteed Obligations being indefeasibly repaid, paid, satisfied or discharged in full, as the case may be, and the cancellation of the Loan.

9.13 Limited Recourse

Notwithstanding anything contained herein, in the Loan Agreement or in any other Loan Document to the contrary, the recourse of the Creditor against the Guarantor under this Guarantee shall be limited to the Creditor's enforcement of its rights and remedies against the Guarantor Collateral and no

recourse for any such purpose shall be made and nor shall judgment be issued or other process levied against any other assets or rights of the Guarantor.

[signature page follows]

LIMITED RECOURSE GUARANTEE

This Limited Recourse Guarantee is dated as of May 11, 2018 and is made by Jasmine Ventures Ltd. (the "**Guarantor**") in favour of Enzo Holdings Ltd. (the "**Creditor**").

Recitals:

A. The Guarantor desires to execute, deliver and perform this Guarantee in order to assist Candre Cannabis Inc. (the "**Borrower**") for the mutual benefit of the Guarantor and the Borrower in connection with the Loan Agreement (as defined below).

B. It is a condition of the Creditor's obligations to make advances under the Loan Agreement that this Guarantee be entered into.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor covenants and agrees with the Creditor as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Guarantee, terms and expressions defined in the description of the parties, recitals and the Loan Agreement shall, when used herein and unless otherwise defined herein, have the same meanings as are ascribed to them therein, and:

"**Enforcement Event**" means a demand by the Creditor on the Borrower for payment of the Guaranteed Obligations made after the occurrence and during the continuance of an Event of Default;

"**Guarantee**" means this limited recourse guarantee, as amended, modified, replaced, restated or supplemented from time to time and all acknowledgements in respect hereof;

"**Guaranteed Obligations**" means, collectively, all obligations, indebtedness, liabilities, covenants, agreements and undertakings of the Borrower to the Creditor (including fees, expenses, costs and indemnities), present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, and any ultimate unpaid balance thereof, in each case under the Loan Agreement, and whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again; and "**Guaranteed Obligation**" means any of them;

"**Guarantor Collateral**" means, collectively, all of the Guarantor's property, assets, rights and undertaking from time to time subjected to the mortgages, security interests or charges created by the Share Pledge, including, without limitation, the Pledged Collateral (as defined in Share Pledge);

"**Loan Agreement**" means the loan agreement dated May 11, 2018 between the Creditor, as lender, and the Borrower, as borrower, providing for a Cdn.\$18,600,000 term credit facility, as such loan agreement may be amended, modified, replaced, restated or supplemented from time to time; and

"**Share Pledge**" means the share pledge dated as of May 11, 2018, granted by the Guarantor, as pledgor, in favour of the Creditor, as lender, as such share pledge may be amended, modified, replaced, restated or supplemented from time to time.

1.2 References

Unless something in the subject matter or context is inconsistent herewith, all references to Sections, Articles and Schedules are to Sections and Articles of and Schedules to this Guarantee. The words "hereto", "hereof", "hereunder" and similar expressions mean and refer to this Guarantee. In this Guarantee words importing the singular number include the plural and vice versa; words importing gender include masculine, feminine and neuter; where any term or expression is defined herein, derivations of such term or expression shall have a corresponding meaning; words and terms denoting inclusiveness (such as "include" or "includes" or "including") or particularity are, whether or not so stated, not limited by their context or by the words or phrases which precede or succeed them; references to any statute, act or other legislative enactment shall be to such statute, act or other legislative enactment as amended from time to time or replaced by a statute, act or other legislative enactment dealing with substantially the same subject matter as the statute, act or other legislative enactment so replaced; and references to any agreement, contract, document, license or other instrument shall be to such agreement, contract, document, license or other instrument as amended, modified, replaced, restated, extended, renewed or supplemented from time to time. The headings and the Article and Section titles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Guarantee.

ARTICLE 2 GUARANTEE AND POSTPONEMENT

2.1 Unconditional Guarantee

The Guarantor hereby absolutely, unconditionally and irrevocably guarantees to the Creditor the due and punctual payment, discharge and full performance of all Guaranteed Obligations. The Guarantor covenants that the Guaranteed Obligations will be fully and punctually paid and performed strictly in accordance with the terms of the Loan Agreement and any other Loan Document (as applicable), whether the same become due on maturity, by mandatory prepayment, by demand, acceleration or otherwise. The Guarantor hereby indemnifies the Creditor on demand against any loss or liability suffered by it as a result of any Guaranteed Obligation being or becoming unenforceable, invalid or illegal.

2.2 Continuing Obligation

The obligation of the Guarantor hereunder shall be a continuing obligation and a fresh cause of action hereunder shall be deemed to arise in respect of each Enforcement Event. This Guarantee shall remain in full force and effect in accordance with its terms until the final and indefeasible payment in full and performance of the Guaranteed Obligations. The Guarantor agrees that it will from time to time at the request of the Creditor deliver to the Creditor suitable acknowledgments of its continued liability hereunder and under any instrument collateral or supplemental hereto, in such form as counsel for the Creditor may reasonably advise and as shall be necessary to prevent any action brought against the Guarantor in respect of any default hereunder or under any covenant herein contained being barred by any statute of limitations now or hereafter in force pursuant to Applicable Law, and in the event of the failure of the Guarantor to do so, it hereby irrevocably appoints the Creditor the lawful and duly constituted attorney and agent of the Guarantor to make, execute and deliver such written acknowledgments or other instruments as may from time to time become necessary or advisable, in the judgment of the Creditor, to fully maintain and keep in force the liability of the Guarantor hereunder or under any instrument collateral or supplemental hereto or in implementation hereof.

2.3 Receipt of Loan Agreement; Covenants

The Guarantor hereby acknowledges having received a copy of the Loan Agreement and the other Loan Documents and understands the Guaranteed Obligations thereunder. The Guarantor shall be responsible for ensuring that it receives directly from the Borrower such copies as it desires to receive of all amendments, modifications or supplements to the Loan Agreement, the other Loan Documents and of any other documents, instruments or agreements which are executed in the future pursuant to which any Guaranteed Obligations may arise, it being understood and agreed that the Creditor shall not in any manner have any obligation to ensure such receipt nor shall lack of receipt in any way affect the absolute and unconditional nature of the Guarantor's obligations hereunder.

2.4 Statement of Obligations

The statement in writing of the Creditor from time to time of the indebtedness, obligations or liability of the Borrower to it shall be binding upon the Guarantor and shall be *prima facie* evidence, absent manifest error, of the amount of the applicable Guaranteed Obligations. All rights to question in any way its present or future method of dealing with the Borrower, or with any persons now or hereafter liable to the Creditor for the Guaranteed Obligations or any part thereof, are hereby waived. The Guarantor renounces all benefits of discussion and division.

2.5 Not Bound to Exhaust Recourse

The Creditor shall not be bound to exhaust its recourse against the Borrower or to pursue any rights or remedies it may have against the Borrower or any other persons, or to make any demand on or present any note to the Borrower or any other person, or file any proof of claim in any insolvency, administration, arrangement, winding-up, liquidation or bankruptcy before demanding or being entitled to payment from the Guarantor pursuant to and in accordance with Section 3.1 of this Guarantee.

2.6 Corporate Authority

The Creditor shall not be concerned to see or enquire into the powers of the Borrower or any of its directors, officers or agents acting or purporting to act on its behalf, and all moneys, advances, renewals and credits in fact borrowed or obtained in the professed exercise of such powers shall be deemed to form part of the Guaranteed Obligations even if irregularly, fraudulently, defectively or informally effected or in excess of the powers of the Borrower or any of the directors, officers or agents thereof, and notwithstanding any incapacity or disability of any thereof, and further notwithstanding any actual or constructive notice of the powers of the Borrower or its directors, officers or agents.

2.7 Reinstatement

Where any discharge (whether in respect of the obligations of the Borrower, any security for such obligations or otherwise) is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is avoided or must be repaid on insolvency, bankruptcy, administration, arrangement, liquidation or otherwise, the liability of the Guarantor under this Guarantee shall continue as if there had been no such discharge or arrangement. The Creditor shall be entitled to concede or compromise any claim that any such payment, security or other disposition is liable to avoidance or repayment.

2.8 Subordination and Postponement

The Guarantor hereby subordinates and postpones in all respects (including, the right to payment, priority of security and realization in respect of security) the payment of any and all amounts which the Borrower may owe to the Guarantor from time to time and at any time until the Guaranteed Obligations have been paid and satisfied in full, and in order to give further effect to this subordination and postponement, the Guarantor hereby agrees to hold in trust for the Creditor any amounts received from the Guarantor following the occurrence and during the continuance of an Event of Default and to pay over such amounts to the Creditor on demand. The Guarantor hereby grants to the Creditor a continuing first priority Security Interest (subject to Permitted Encumbrances arising by operation of law) in and to all present and future indebtedness and liabilities of the Borrower to the Guarantor howsoever arising, whether direct or indirect, absolute or contingent, matured or not.

ARTICLE 3 PAYMENTS

3.1 Payments

The Guarantor shall, on demand by the Creditor made following the occurrence and during the continuance of an Event of Default, at any time and from time to time thereafter, forthwith pay to the Creditor the Guaranteed Obligations which are in default, including all interest thereon at the rate prescribed in the Loan Agreement, until payment is received in full by the Creditor or otherwise perform the Guaranteed Obligations in respect of which demand was made, as the case may be.

3.2 Currency

The Guarantor expressly acknowledges that the Guaranteed Obligations may be payable in Canadian dollars or in one of several other currencies or partly in one currency and partly in others, and the Guarantor agrees to make all payments in the currency or currencies in which the Guaranteed Obligation is then denominated.

ARTICLE 4 REMEDIES

4.1 Exercise of Remedies

If the Guarantor shall fail to pay or perform the Guaranteed Obligations forthwith on demand as herein provided, the Creditor shall have the right in its discretion to proceed against the Guarantor for enforcement of this Guarantee or any instrument collateral or supplemental hereto or in implementation hereof by any remedy provided or permitted hereby and thereby or by Applicable Law, and whether by legal proceedings or otherwise, and to recover from the Guarantor such sums as the Guarantor may be liable to pay hereunder and any and all such sums actually received by the Creditor shall be applied against the Guarantor's obligations hereunder and the Guaranteed Obligations in such manner as the Creditor deems appropriate.

4.2 Other Guarantees Not Affected

This Guarantee shall be in addition to and not in substitution of or for any other guarantee now or hereafter held by the Creditor for the Guaranteed Obligations, and this Guarantee shall not, nor be deemed to, operate as a merger of any other obligations of the Guarantor to the Creditor, all of which shall remain in full force and effect.

4.3 No Waiver

No failure or delay on the part of the Creditor in exercising any right or remedy under this Guarantee shall operate as a waiver of such right or remedy, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy in law, by statute, equity or otherwise conferred. No waiver of any provision of this Guarantee shall be effective otherwise than by an instrument in writing dated subsequent to the date hereof, executed by a duly authorized representative of the Creditor and then only for the particular instance for which it is so given. No notice to or demand on the Guarantor shall be deemed to be a waiver of the obligation of the Guarantor or of the right of the Creditor to take further action without notice or demand as provided herein.

ARTICLE 5 ACKNOWLEDGEMENTS

5.1 No Release of Guarantor's Obligations

The Guarantor acknowledges and agrees that:

- (a) the Creditor may (i) grant extensions of time or other indulgences, renew, take, give up or surrender any Security Interest, accept compositions, grant releases and discharges and otherwise deal with the Borrower, any other person, the Guaranteed Obligations and any Security Interest in respect thereof as the Creditor may see fit, (ii) directly or indirectly waive, change, amend, modify, supplement or grant consents or acknowledgements under the Loan Agreement or any Security Interests in respect thereof, (iii) apply all monies received from the Borrower or any other person, or from the enforcement of any Security Interest, against such part of the Guaranteed Obligations as the Creditor may deem appropriate, all of the foregoing without prejudice to or in any way releasing, discharging, terminating, limiting, reducing, lessening, impairing or in any way affecting the indebtedness, obligations and liabilities of the Guarantor under this Guarantee, or otherwise subjecting the Creditor to a defence of any kind, including any defence of set-off, counterclaim or recoupment;
- (b) the Creditor shall not be bound to commence or exhaust its recourse against the Borrower, other guarantors, other persons or any security it may hold before being entitled to payment from the Guarantor under this Guarantee;
- (c) none of the following events shall discharge, terminate, release, limit, reduce, lessen, impair or in any way affect the indebtedness, obligations and liabilities of the Guarantor under this Guarantee or otherwise subject the Creditor to a defence of any kind, including any defence of set-off, counterclaim or recoupment:
 - (i) the release of, failure to obtain or perfect or loss or exchange of or in respect of any Security Interest received by the Creditor with respect to any Guaranteed Obligation, whether from the Borrower, any other guarantor or any other person, whether occasioned through the fault of the Creditor or otherwise;
 - (ii) any incapacity, disability or lack or limitation of status or power of the Guarantor, any other Loan Party or any other person or of the directors, officers, employees, partners or agents thereof, or that the Guarantor, any other Loan Party or any other person may not be a legal entity, or any irregularity, defect or informality in the borrowing or obtaining of moneys or credits, or incurring liabilities, in respect of the Guaranteed Obligations;

- (iii) the release or failure to prove or assert any claim or demand or enforce any right or remedy against the Borrower, any other guarantor or others, in any manner whatsoever including in any bankruptcy, winding-up, compromise or other proceeding relating to the creditors of such parties;
- (iv) any failure of the Creditor to make any presentment, demand for performance, notice of non performance, protest, and any other notice, including notice of (A) acceptance of this Guarantee, (B) partial payment or non payment of all or any part of the Guaranteed Obligations, or (C) the existence, creation, or incurring of new or additional Guaranteed Obligations;
- (v) the rescission, illegality, invalidity or unenforceability of all or any part of the Guaranteed Obligations;
- (vi) merging of any document, instrument or agreement relating to the Guaranteed Obligations or the obligations of the Borrower, any other guarantor or any other person thereunder;
- (vii) any change in the identity, ownership or capacity of the Creditor, whether by amalgamation, consolidation, merger, reorganization, addition, substitution, removal, succession, assignment, grant of a participation, transfer or otherwise;
- (viii) any act or proceeding in relation to the Loan Agreement, this Guarantee, or any other guarantee;
- (ix) the benefit of any law which provides that the obligation of a guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal obligation or which reduces a guarantor's obligation in proportion to the principal obligations;
- (x) the failure of the Creditor to marshal any assets;
- (xi) any failure of the Creditor to give to the Guarantor, any other Loan Party or any other person notice of any sale or other disposition of any property securing any or all of the Guaranteed Obligations or any guarantee thereof, or any defect in any notice that may be given in connection with any sale or other disposition of any such property, or any failure of the Creditor to comply with any provision of Applicable Law in enforcing any Security Interest in or upon any such property, including any failure by the Creditor to dispose of any such property in a commercially reasonable manner;
- (xii) any amendment or change in the manner, time, place of payment or calculation of the amounts owing under, or any other term of, any Guaranteed Obligation, or any other amendment or waiver of or consent to or departure from the terms of the Loan Agreement;
- (xiii) the (A) liquidation, winding-up, bankruptcy, dissolution, compromise, proposal, arrangement, plan of reorganization or other event or proceeding relating to, or which might affect the existence, obligations, creditors, assets, business or affairs of, (B) change or changes in the name of, or (C) amalgamation, consolidation, merger or reorganization of any kind, of, or with respect to, the Borrower, the Guarantor or any other guarantor or person;

- (xiv) the impossibility or impracticality of performance, or force majeure, any act of any governmental authority, or any other circumstance which might constitute a defence available to, or a discharge of, the Borrower in respect of the Guaranteed Obligations or of the Guarantor under this Guarantee;
- (xv) any dealing whatsoever with the Guarantor, any other Loan Party or other person or any security, or any failure to do so;
- (xvi) the existence of any claim, set-off or other rights which the Guarantor may have at any time against the Borrower or the Creditor;
- (xvii) any extinguishment of all or any of the Guaranteed Obligations for any reason whatsoever (other than the actual satisfaction thereof or an agreement by the Creditor that the liabilities of the Guarantor in respect of such Guaranteed Obligations are extinguished); or
- (xviii) any other circumstance, event or happening whatsoever, whether foreseen or unforeseen and whether similar or dissimilar to anything referred to in any of the foregoing.

5.2 Certain Acknowledgments of the Guarantor

The Guarantor acknowledges, covenants and agrees with the Creditor as follows:

- (a) upon making demand hereunder, the Creditor shall be entitled to continue to exercise such rights and remedies notwithstanding that the default may subsequently have been remedied or cured; and
- (b) all of the Creditor's remedies hereunder and under any document, instrument or agreement relating to the Guaranteed Obligations, are cumulative and not exclusive and action thereon or procurement of judgment shall not operate as a merger of or preclude or lessen any other remedy or right.

5.3 Waiver of Notice

The Guarantor waives all notices which may be required by any statute, rule of law, contract or otherwise to preserve any rights of the Creditor against the Guarantor.

5.4 Subrogation

Upon the payment or performance in full by the Guarantor of the Guaranteed Obligations, the Guarantor shall be immediately subrogated to all right, title and interest of the Creditor with respect thereto and under the Loan Agreement, and shall be entitled, in its sole discretion, to pursue all rights and remedies available to it with respect to such subrogated right, title and interest and to receive for its own account payments otherwise due to the Creditor under the Loan Agreement or by operation of law with respect thereto. The Creditor agrees that at any time and from time to time after payment or performance in full by the Guarantor of the Guaranteed Obligations it will, without recourse, promptly and duly execute and deliver any and all such further instruments and documents and take such action as may reasonably be requested by the Guarantor in order to obtain the full benefits of the subrogation rights contained herein and by action of law, including the assignment and transfer to the Guarantor of all of the Creditor's right, title and interest in and to the Loan Agreement and notice of such assignment and transfer to the parties to and beneficiaries of the Loan Agreement. The Guarantor shall

have no right to be subrogated in any rights of the Creditor under the Loan Agreement until the Creditor shall have received full, final and indefeasible payment and performance in full of the Guaranteed Obligations and the Creditor has no further obligation to extend credit or advance money to or for the benefit of the Borrower.

ARTICLE 6 REPRESENTATIONS

6.1 Representations

The Guarantor represents and warrants that it has determined that its liability and obligation under this Guarantee may reasonably be expected to substantially benefit the Guarantor directly, and the Guarantor's board of directors has made that determination. The Borrower and the Guarantor are mutually dependent on each other in the conduct of their respective businesses and are in, and do, business together as an integrated business enterprise. The maintenance and improvement of the Borrower's financial condition is vital to sustaining the business of the Guarantor and the transactions supported by this Guarantee produce distinct and identifiable financial and economic direct benefits to the Guarantor. The Guarantor has had full and complete access to the underlying Loan Documents relating to the Guaranteed Obligations. The Guarantor is fully informed of all circumstances which bear upon the risks of executing this Guarantee which a diligent inquiry would reveal. The Guarantor has adequate means to obtain from the Borrower, on a continuing basis, information concerning the Borrower's financial condition, and is not depending on the Creditor to provide such information, now or in the future. The Guarantor agrees that the Creditor shall not have any obligation to advise or notify the Guarantor or to provide the Guarantor with any data or information.

ARTICLE 7 WITHHOLDING TAXES

7.1 Payment Net of Withholding Taxes

The Guarantor shall make all payments required hereunder, whether by way of principal, interest or otherwise, without withholding any Taxes. If the Guarantor is required by Law to deduct any withholding Taxes from or in respect of any amounts payable under this Guarantee (i) the amounts payable by the Guarantor hereunder will be increased by the amount necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 7.1) the Creditor will receive an amount equal to the sum it would have received had no such deductions been made, (ii) the Guarantor will make such deductions and (iii) the Guarantor will pay the full amount deducted to the relevant taxing authority or other Governmental Authority in accordance with Applicable Law.

ARTICLE 8 EXPENSES, INDEMNITY AND JUDGMENT CURRENCY

8.1 Expenses

The Guarantor shall pay all reasonable expenses (including legal fees and expenses on a solicitor and his own client, full indemnity, basis) incurred by the Creditor in connection with the preparation, perfection, execution, protection, enforcement of and advice with respect to this Guarantee (including the protection and enforcement of the rights of the Creditor hereunder) and such expenses shall, from the time they are paid by the Creditor until repaid by the Guarantor, bear interest at the highest rate applicable to the Guaranteed Obligations.

8.2 Indemnity

The Guarantor will and does hereby indemnify and save harmless the Creditor from and against any and all liabilities, actions, claims, judgments, obligations, costs, charges or expenses, including reasonable legal fees and expenses on a solicitor and his own client, full indemnity, basis, made against or incurred by the Creditor as a result of taking this Guarantee. The Creditor shall have the right to defend against any such liabilities, actions, claims and charges and to claim from the Guarantor all expenses incurred in connection therewith, together with all legal fees and expenses on a solicitor and his own client, full indemnity, basis that may be paid in connection therewith. It is understood and agreed that the covenants and conditions of this Section shall remain in full force and effect notwithstanding the termination of this Guarantee.

8.3 Judgment Currency

In the event of a judgment or order being rendered by any court or tribunal for the payment of any amount owing under this agreement, or for the payment of damages in respect of any breach of or default under this agreement, or in respect of a judgment or order of another court or tribunal for the payment of such amount or damages, such judgment or order being expressed in a currency (the "**Judgment Currency**") different from the currency which the Borrower and the Creditor have agreed shall apply thereto under any document, instrument or agreement relating thereto (the "**Agreed Currency**"), the Guarantor shall indemnify and hold harmless the Creditor against any deficiency in terms of the Agreed Currency in the amounts actually received by the Creditor arising or resulting from any difference between: (i) the rate of exchange at which the Agreed Currency is converted into the Judgment Currency for the purposes of such judgment or order; and (ii) the rate of exchange at which the Creditor is able to purchase the Agreed Currency with the amount of the Judgment Currency actually received by the Creditor on the Business Day following receipt. The indemnity in this Section 8.3 shall constitute a separate and independent obligation of the Guarantor from its other obligations under this Guarantee. The term "rate of exchange" as used in this Section 8.3 shall include any premiums and costs of exchange payable in connection with the purchase of, or conversion into, the relevant currency.

ARTICLE 9 MISCELLANEOUS

9.1 Payment on Stay

If:

- (a) the Borrower or the Guarantor is prevented from making payment of any of the Guaranteed Obligations when it would otherwise be required to do so; or
- (b) the Creditor is prevented from demanding payment of the Guaranteed Obligations;

in each case because of a stay or other judicial proceeding or any other legal impediment, all Guaranteed Obligations or other amounts otherwise subject to demand, acceleration or payment shall, subject to Applicable Law, nevertheless be payable by the Guarantor as provided for hereunder.

9.2 Prohibited Rate

In no event shall any interest or fee to be paid hereunder exceed the maximum rate permitted by Applicable Law. In the event any such interest rate or fee exceeds such maximum rate, such rate shall be adjusted downward to the highest rate (expressed as a percentage per annum) or fee that the

parties could validly have agreed to by contract on the date hereof under Applicable Law. It is further agreed that any excess actually received by the Creditor shall be credited against the Guaranteed Obligations.

9.3 No Collateral Agreements

There are no representations, collateral agreements or conditions with respect to this Guarantee or affecting the Guarantor's obligations and liabilities hereunder other than as contained herein.

9.4 Governing Law

This Guarantee is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and of Canada applicable therein. There shall be no application of any conflict of laws or rules which would result in any laws other than internal laws in force in the Province of Alberta applying to this Guarantee. The Guarantor hereby irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Guarantee, or any of the transactions contemplated hereby, without prejudice to the rights of the Creditor to take proceedings in other jurisdictions.

9.5 Notice

Any notice, communication or demand to be made or given hereunder shall be in writing and may be made or given by personal delivery or by facsimile or other electronic means of communication addressed as follows:

- (a) if to the Guarantor, at:

Jasmine Ventures Ltd.
501 Chaparral Drive SE
Calgary, AB T2X 3W2

Attention: _____
Email: _____

- (b) if to the Creditor, at:

Enzio Holdings Ltd.
840, 517 – 10 Avenue SW
Calgary, Alberta T2R 0A8

Attention: Muriel Bourra
Email: muriel.bourra@shaw.ca

or to such other address or facsimile number as any party may from time to time notify the other in accordance with this Section. Any notice, communication or demand made or given by personal delivery during usual business hours at the place of receipt on a Business Day shall be deemed to have been given on the day of actual delivery thereof. Any notice, communication or demand made or given by personal delivery after usual business hours on a Business Day or by facsimile or other electronic means of communication shall be deemed to have been given, on the first Business Day following the transmittal thereof.

9.6 Invalidity of Provisions

In case any of the provisions of this Guarantee should be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

9.7 Further Assurances

The Guarantor hereby agrees with the Creditor that it shall, forthwith and from time to time execute and do or cause to be executed and done all documents, deeds, acts and assurances which in the reasonable opinion of the Creditor are necessary or advisable to give effect to the obligations of the Guarantor as contemplated hereunder.

9.8 Amendment

This Guarantee shall not be varied in its terms otherwise than by an instrument in writing dated subsequent to the date hereof, executed by duly authorized representatives of the Guarantor and the Creditor.

9.9 Time of the Essence

In this Guarantee, time is of the essence.

9.10 Enurement and Assignment

This Guarantee shall be binding upon the Guarantor and its successors and permitted assigns and shall enure to the benefit of the Creditor and its successors and assigns. The Creditor may, from time to time, assign or transfer its rights and obligations (if any) under this Guarantee, or any interest therein, without the prior consent of the Guarantor and such assignee, transferee or participant shall be entitled to the full benefits thereof. The Guarantor may not assign, in whole or in part, its rights or obligations under this Guarantee without the prior written consent of the Creditor.

9.11 Paramountcy

In the event of any conflict, ambiguity or inconsistency between this Guarantee and the Loan Agreement, the terms of the Loan Agreement shall govern and prevail to the extent necessary to remove the conflict, ambiguity or inconsistency.

9.12 Termination

The Guarantor shall not be discharged from this Guarantee except by written release and discharge signed by the Creditor or automatically upon all of the Guaranteed Obligations being indefeasibly repaid, paid, satisfied or discharged in full, as the case may be, and the cancellation of the Loan.

9.13 Limited Recourse

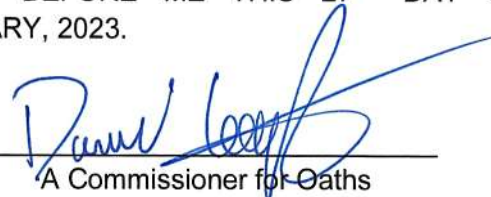
Notwithstanding anything contained herein, in the Loan Agreement or in any other Loan Document to the contrary, the recourse of the Creditor against the Guarantor under this Guarantee shall be limited to the Creditor's enforcement of its rights and remedies against the Guarantor Collateral and no

recourse for any such purpose shall be made and nor shall judgment be issued or other process levied against any other assets or rights of the Guarantor.

[signature page follows]

THIS IS **EXHIBIT "G"** REFERRED TO IN THE
AFFIDAVIT OF SVEINUNG SVARTE.

SWORN BEFORE ME THIS 27TH DAY OF
FEBRUARY, 2023.



A Commissioner for Oaths
in and for the Province of Alberta

David LeGeyt
Barrister & Solicitor

SHARE PLEDGE

This Share Pledge dated as of May 11, 2018 is made by **FRONDIS HOLDINGS LTD.**, a corporation incorporated pursuant to the laws of the Province of Alberta (the "**Pledgor**") in favour of **ENZIO HOLDINGS LTD.** (the "**Lender**").

NOW THEREFORE, the Pledgor covenants and agrees with the Lender as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, terms and expressions defined in the description of the parties, recitals and the Loan Agreement shall, when used herein and unless otherwise defined herein, have the same meanings as are ascribed to them therein, and:

"Acceleration Event" means demand by the Lender for payment of any of the Obligations (either through the exercise of its option to accelerate such Obligations under the Loan Agreement or pursuant to the Guarantee) or the occurrence of an Event of Default specified in Sections 9.1(f) or 9.1(g) of the Loan Agreement, whichever occurs earlier;

"Agreement" means this share pledge, as amended, modified and supplemented from time to time;

"Charge" means the Security Interests created by this Agreement;

"Guarantee" means the limited recourse guarantee dated as of May 11, 2018, granted by the Pledgor, as guarantor, in favour of the Lender, as creditor, as such limited recourse guarantee may be amended, amended and restated, modified, replaced, restated or supplemented from time to time;

"including" means including, without limitation, and shall not be construed to limit any general statement which it follows to the specific or similar items or matters immediately following it, and **"includes"** shall be construed in a like manner;

"Issuer" means Candre Cannabis Inc., a corporation incorporated under the laws of the Province of Alberta;

"Loan Agreement" means the loan agreement dated May 11, 2018 among the Lender, as lender, and the Issuer, as borrower, as such loan agreement may be amended, amended and restated, renewed, modified, restated, replaced, assigned or supplemented from time to time;

"Obligations" means all obligations, indebtedness, liabilities, covenants, agreements and undertakings of the Pledgor to the Lender (including fees, expenses, costs and indemnities), present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred, and any ultimate unpaid balance thereof, including all future advances and re-advances, and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Pledgor be bound alone or with others and whether as principal or surety, in each case under or in any way connected with, arising out of or contemplated by this Agreement or the Guarantee; and **"Obligation"** means any of them;

"Pledged Collateral" means, collectively:

- (a) all Pledged Securities;
- (b) all other shares and rights in the capital of the Issuer held by the Pledgor and all other investment property issued by the Issuer whether in the form of debt, equity, options, warrants or other convertible securities, which are, will or may by any series of transactions be converted into shares in the capital of the Issuer held by the Pledgor;
- (c) all dividends (whether cash or non-cash), payments, entitlements and other distributions (including share redemption proceeds), in respect of or in exchange for the Pledged Securities, or any part thereof, and all shares or other investment property into which the Pledged Securities may be converted whether by way of amalgamation, arrangement, or other corporate reorganization or resulting from any subdivision or consolidation of the Pledged Securities; and
- (d) all replacements and substitutions for the foregoing, all certificates and other instruments representing or evidencing the foregoing, all proceeds and other property received or receivable in respect thereof, and all rights and claims of the Pledgor in respect of same;

"Pledged Securities" means all shares in the capital of the Issuer held by the Pledgor and all share certificate(s) representing such shares, being, on the date hereof, 40,000,000 Class "A" Common voting shares and share certificate numbers 5A and 6A representing such shares; and

"PPSA" means the *Personal Property Security Act* (Alberta), as amended from time to time; and the terms, "accessions", "account", "chattel paper", "documents of title", "entitlement orders", "instrument", "intangible", "investment property", "proceeds", "securities account", and "securities intermediary" shall, when used herein, have the same meanings as are ascribed thereto in the PPSA.

1.2 References

Unless something in the subject matter or context is inconsistent herewith, all references to Sections and Articles are to Sections and Articles of this Agreement. The words "hereto", "hereof", "hereunder" and similar expressions mean and refer to this Agreement. In this Agreement the singular includes the plural and vice versa; a reference to gender includes the masculine, feminine and neuter; where a term or expression is defined, derivations thereof have a corresponding meaning; references to any statute, act or other legislative enactment shall be to such statute, act or other legislative enactment as amended from time to time or replaced by a statute, act or other legislative enactment dealing with substantially the same subject matter as the statute, act or other legislative enactment so replaced; and references to any agreement, contract, document, license or other instrument shall mean and refer to such agreement, contract, document, license or other instrument as amended, modified, replaced, restated, extended, renewed or supplemented from time to time. The headings and the Article and Section titles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

ARTICLE 2 SECURITY

2.1 Security Interest

To secure the payment, performance and final and indefeasible satisfaction in full of all of the Obligations, the Pledgor hereby assigns, transfers, mortgages, pledges, and charges as and by way

of a first, fixed and specific mortgage and charge to and in favour of the Lender and grants to the Lender a continuing first priority security interest (subject to Permitted Encumbrances arising by operation of law) in and to all of the Pledgor's right, title, estate and interest in and to the Pledged Collateral.

2.2 Attachment

The Pledgor acknowledges conclusively that the Pledgor and the Lender intend the Charge in the Pledged Collateral to attach immediately upon the execution of this Agreement and in the case of Pledged Collateral which subsequently becomes subject hereto, contemporaneous with the Pledgor acquiring rights therein, without the need for any further or other deed, act or consideration. The Pledgor acknowledges conclusively that value has been given.

2.3 Certificates

All certificates representing the Pledged Securities shall be delivered to the Lender as security for the payment and performance of all of the Obligations and shall be accompanied by duly executed powers of attorney/instruments of transfer in favour of the Lender in the form of Schedule "A" hereto and properly guaranteed in order to make the Pledged Securities fully negotiable.

2.4 Control Agreements

If the Pledged Collateral at any time includes investment property which is or is to be credited to a securities account established by the Pledgor with a securities intermediary, the Pledgor shall notify the Lender and, at the request of the Lender, shall, and shall procure that the relevant securities intermediary shall, enter into an agreement with the Lender which includes such terms as may be required by the Lender to ensure that the Lender has exclusive control over all investment property held in the relevant securities account following the occurrence of an Acceleration Event including, but not limited to, an agreement of the securities intermediary that it will comply with entitlement orders that are originated by the Lender without the further consent of the Pledgor.

2.5 Custody

In its custody of the Pledged Collateral, the Lender shall be bound to exercise the same degree of care as it would exercise with respect to its own securities and property. However, the Lender shall be under no obligation to take any necessary steps to preserve rights in the Pledged Collateral against any Person or exercise any rights arising in respect of the Pledged Collateral.

2.6 Additional Security

The Charge is in addition to, and not in substitution for, any other Security Interest now or hereafter held by the Lender for the Obligations. The taking of any action or proceedings or refraining from so doing, or any other dealing with any other Security Interest for the Obligations or any part thereof shall not release or affect the Charge or any proceedings hereunder for realization and shall not release or affect any other Security Interest held by or on behalf of the Lender for the Obligations.

2.7 Capital Structure Changes

If during the term of this Agreement any reclassification, consolidation, subdivision, readjustment or other change in the capital structure of the Issuer is made, or any right of conversion attached to the Pledged Collateral is exercised, then all new, substituted and additional certificates representing such ownership interests, or other investment property, issued to the Pledgor by reason of

any such change or exercise shall be delivered to and be held by the Lender, together with duly executed instruments of transfer or assignment, and authorizing shareholders' or directors' resolutions, as applicable, approving the transfer shall be delivered by the Pledgor to the Lender, and all such new, substituted and additional certificates representing such ownership interests or other investment property shall be held by the Lender under the terms of this Agreement in the same manner as the Pledged Securities.

ARTICLE 3 RIGHTS TO PLEDGED SECURITIES

3.1 Permitted Activities

At all times prior to an Acceleration Event:

- (a) the Pledgor shall be entitled to exercise all voting and/or consensual powers pertaining to the Pledged Collateral for all purposes not inconsistent with the terms of this Agreement, except that the Pledgor shall not have any right to exercise any such power if the voting action or omission to act in favour of which the Pledgor intends to exercise such power would have a material adverse effect on the financial or business condition of the Issuer, impair the Pledged Collateral or violate the provisions of this Agreement or the Loan Agreement;
- (b) the Lender shall be entitled from time to time to cause any or all of the Pledged Collateral to be transferred on the books and share or other securities registers of the Issuer, to the Lender; and with respect to the Pledged Collateral transferred as aforesaid, the Pledgor's rights in Section 3.1(a) shall only be exercised pursuant to a power of attorney and the Lender shall execute and deliver to the Pledgor a power of attorney for such purposes; and
- (c) the Pledgor shall be entitled to exercise and receive the benefit of all other rights associated with the Pledged Collateral, including the right to receive and retain any and all cash dividends, distributions, payments and entitlements on the Pledged Collateral, provided, however, that all other dividends, distributions, payments and entitlements or distributions in liquidation upon or in respect of the Pledged Collateral, or resulting from a split-up, revision or reclassification of the Pledged Collateral, or received in exchange for the Pledged Collateral, as a result of a merger, consolidation or otherwise, shall be granted to the Lender as Pledged Collateral pursuant hereto immediately upon the receipt thereof by the Pledgor.

3.2 Termination of Rights

Upon the occurrence of an Acceleration Event, the Pledgor's rights described in Section 3.1 shall automatically cease and terminate and the Lender, or its nominee, without demand or notice to the Pledgor, is hereby authorized to:

- (a) cause any or all of the Pledged Collateral to be transferred on the books and share or other securities registers of the Issuer to and in the name of the Lender or any nominee thereof;
- (b) represent the Pledgor at any meeting of the Issuer and to have the sole and exclusive right to exercise all voting, consensual powers and other rights pertaining to the Pledged Collateral, in any manner whatsoever as the Lender or its nominee holding such Pledged Collateral may in its absolute discretion determine; and

- (c) receive any and all cash dividends, distributions, payments or entitlements thereon which shall be paid or transferred directly to the Lender or its nominee as Pledged Collateral pursuant hereto immediately upon the receipt thereof by the Pledgor.

3.3 Power of Attorney

Effective upon the occurrence of an Acceleration Event, the Pledgor hereby irrevocably constitutes and appoints the Lender its true and lawful attorney and agent, with full power and authority in the Pledgor's name, place and stead from time to time to do all acts and things and execute and deliver all transfers, certificates, proxies, resolutions, consents, assignments, transfers, conveyances and agreements, in such form as the attorney considers necessary or desirable for ensuring the Pledged Collateral is effectively transferred to and vested in the Lender or any purchaser of such Pledged Collateral, to perfect, preserve and protect the Charge and to exercise the Lender's rights hereunder. Such appointment and power of attorney is hereby declared by the Pledgor to be an irrevocable power coupled with an interest.

ARTICLE 4 REMEDIES

4.1 Remedies

Upon the occurrence of an Acceleration Event, the Lender shall be entitled, at its sole option and discretion, and in addition to the rights of the Lender described in Section 3.2, to do any or all of the following:

- (a) the Lender may, without being required to give any notice to the Pledgor, sell the Pledged Collateral, or any part thereof, at public or private sale, for cash, upon credit or for future delivery and at such price or prices and on such other terms as the Lender may deem commercially reasonable, and the Lender may be the purchaser of any or all of the Pledged Collateral so sold at any such sale of the Pledged Collateral or any part thereof;
- (b) upon any such sale the Lender shall have the right to deliver, assign and transfer to the purchaser thereof the Pledged Collateral so sold; each purchaser (which shall include the Lender, if it is a purchaser) at any such sale shall hold the property sold absolutely, free from any claim or right of whatsoever kind of the Pledgor and the Pledgor hereby specifically waives, to the extent permitted by Applicable Law, all rights of redemption, stay or appraisal which it has or may have under any rule of law or statute now existing or hereafter adopted;
- (c) the Lender may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement of the time and place fixed for the sale, and such sale may be made at any time or place to which the same shall be so adjourned;
- (d) in the case of any sale of all or any part of the Pledged Collateral on credit or for future delivery, the Pledged Collateral so sold may be retained by the Lender until the selling price is paid by the purchaser thereof, but the Lender shall not incur any liability in case of the failure of such purchaser to take up and pay for the Pledged Collateral so sold and, in case of any such failure, such Pledged Collateral may again be sold upon like notice;
- (e) in the event that the Lender determines to exercise its rights to sell all or any part of the Pledged Collateral pursuant hereto, the Pledgor will, at the Pledgor's expense and upon request of the Lender, execute and deliver all such instruments and documents and do or cause to be done all

such other acts and things as the Lender may reasonably request to make any sale of such Pledged Collateral valid and binding and in compliance with all Applicable Laws; and

- (f) the Lender shall be entitled to exercise such rights and remedies as are provided by the PPSA and all other rights and remedies recognized under Applicable Law against the Pledged Collateral for the enforcement of full payment and performance of the Obligations.

4.2 Application of Money

The Lender shall apply all monies received or collected from time to time by it hereunder against the Obligations as it may see fit, and otherwise in accordance with the terms of the Loan Agreement, provided that the Lender shall only be liable to account for amounts actually received by it.

4.3 Discretion

The Lender shall not be bound to exercise any of its rights herein at any particular time, realize on the Pledged Collateral, be liable or responsible for any loss or damage which may accrue by reason of any action or failure to take action in respect of the Pledged Collateral or the realization thereof or for any inability to obtain the best or most favourable price for the ownership interests.

4.4 Remedies Not Exclusive

No remedy herein conferred upon or reserved to the Lender is intended to be exclusive of any other remedy, but each and every such remedy may be exercised independently or in combination and shall be in addition to every other right and remedy in favour of the Lender hereunder or now or hereafter existing at law, in equity or by statute or pursuant to any other Loan Document. No delay or omission by the Lender in exercising any remedy shall impair any such remedy or shall be construed to be a waiver of any default hereunder or acquiescence therein.

4.5 Nominee

The Lender may appoint a nominee to exercise all or any of the powers, rights, remedies and benefits of the Lender hereunder and such nominee shall be vested with all rights, remedies, powers, benefits, discretions, protection and relief of the Lender hereunder or pursuant to Applicable Law.

4.6 Waiver of Statutory Rights

To the extent not prohibited by Applicable Law, the Pledgor hereby waives its rights, if any, under all provisions of Applicable Law that would in any manner, limit, restrict or otherwise affect the Lender's rights and remedies hereunder or under any other Loan Document to which the Pledgor is a party or impose any additional obligations on the Lender. The Pledgor waives the right to receive any financing statement or verification statement relating to this Agreement.

4.7 PPSA Shall Govern

Notwithstanding anything herein to the contrary, to the extent that the provisions of the PPSA impose obligations upon or restrict the rights or remedies of the Lender herein provided which (a) have not been waived or varied by the Pledgor herein, whether expressly or by implication, or (b) have been waived or varied herein, but are, by the provisions of the PPSA, incapable of waiver or variance by the Pledgor, the provisions of the PPSA shall govern and the affected provisions hereof shall be deemed

to be amended to the extent necessary to give effect to the said provisions of the PPSA without in any way affecting any other provision or provisions herein.

4.8 Survival and Non-Merger

This Agreement shall not merge in any security or be taken to be a substitute for any Security Interest of any nature whatsoever held by or on behalf of the Lender for the Obligations. It is further agreed that the taking of this Agreement shall not operate as a merger of the remedies of the Lender for payment of the Obligations or the remedies of the Lender under any other Loan Document.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

The Pledgor represents and warrants to and in favour of the Lender that:

- (a) the Pledgor is the sole legal and beneficial owner of the Pledged Securities, free and clear of any Security Interests, voting trusts, proxies and other interests, claims or demands of every kind or nature whatsoever;
- (b) there are no restrictions on the transfer of the Pledged Collateral, except for such restrictions as have been waived;
- (c) the Pledgor will not make or consent to any amendment to the articles, bylaws, shareholders' agreement (if any) or any other constating or governing document, as applicable, of the Issuer which adversely changes any of the rights, privileges, restrictions or conditions attaching to the Pledged Securities or any other issued capital of the Issuer, except as provided in and permitted by the Loan Agreement;
- (d) no Person other than the Pledgor has any absolute or contingent agreement, option, right or privilege (including, without limitation, by law, pre-emptive right, contract or otherwise) to purchase, convert into, exchange for or otherwise acquire (including on one or more conversions, exchanges or payments of money or delivery of other consideration or any combination of the foregoing) the Pledged Collateral or any part thereof, nor any agreement, option, right or privilege capable of becoming any such agreement, right, option or privilege; and
- (e) the Pledgor will ensure that the terms of any interest in a partnership or limited liability company that, at any time, forms part of the Pledged Collateral will expressly provide that such interest is a "security" for the purposes of the *Securities Transfer Act* (Alberta).

ARTICLE 6 MISCELLANEOUS

6.1 Notice

Any notice or other communication hereunder shall be in writing and shall be given and governed in accordance with the terms of the Guarantee in respect of notices and other communications.

6.2 Expenses

The Pledgor shall forthwith reimburse the Lender for all reasonable expenses (including legal fees and expenses on a solicitor and its own client, full indemnity, basis) incurred by the Lender in connection with the preparation, perfection, execution, protection, enforcement of and advice with respect to this Agreement (including the realization, disposition, retention, protection or collection of the Pledged Collateral or any part thereof and the protection and enforcement of the rights of the Lender hereunder), and such expenses shall form part of the Obligations.

6.3 Time

Time shall be of the essence in this Agreement.

6.4 Further Assurances

The Pledgor agrees to do all acts and things and to make, execute and deliver all further agreements, instruments and other assurances as may reasonably be required by the Lender or reasonably recommended by its legal counsel as necessary or desirable to carry out and implement the provisions of this Agreement and/or to perfect, preserve and protect the Charge and the rights of the Lender hereunder.

6.5 Governing Law

This Agreement is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and of Canada applicable therein. There shall be no application of any conflict of laws or rules which would result in any laws other than internal laws in force in the Province of Alberta applying to this Agreement. The Pledgor hereby irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Agreement, or any of the transactions contemplated hereby, without prejudice to the rights of the Lender to take proceedings in other jurisdiction.

6.6 Invalidity

In the event that any term or provision of this Agreement shall, to any extent, be invalid or unenforceable, the remaining terms and provisions of this Agreement shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

6.7 Enurement

The Agreement and all its provisions shall enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Pledgor and its successors and permitted assigns.

6.8 No Waiver

No failure on the part of the Lender in exercising any right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy in law, by statute, equity or otherwise conferred. No waiver of any provision of this Agreement, including, without limitation, this Section, shall be effective otherwise than by an instrument in writing dated subsequent to the date hereof, executed by duly authorized representatives of the party purported to have given such waiver and then only for the particular instance for which it is so given.

6.9 Receipt of True Copy

The Pledgor hereby acknowledges receipt of an executed copy of this Agreement.

6.10 Paramountcy

In the event of any conflict, ambiguity or inconsistency between this Agreement and the Loan Agreement, the terms of the Loan Agreement shall govern and prevail to the extent necessary to remove the conflict, ambiguity or inconsistency.

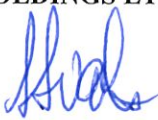
6.11 Termination

The Pledgor and the Pledged Collateral shall not be discharged from the Charge or from this Agreement except by written release and discharge signed by the Lender or automatically upon all of the Obligations being indefeasibly repaid, paid, satisfied or discharged in full, as the case may be, and the cancellation of the Loan.

[signature page follows]

IN WITNESS WHEREOF the Pledgor has executed this Share Pledge as of the date and year first above written.

FRONDIS HOLDINGS LTD.

Per: 
Name: _____
Title:

SCHEDULE "A"

FORM OF POWER OF ATTORNEY

[NTD: a separate POA will be required for each Share Certificate.]

Reference is made to [●] [common]/[preferred] shares (the "**Securities**") in the capital of Candre Cannabis Inc., a corporation incorporated under the laws of Alberta (the "**Issuer**") represented by certificates no(s). _____.

FOR VALUE RECEIVED, pursuant to the Share Pledge dated as of [●], 2018, as amended, amended and restated, modified, replaced, restated or supplemented from time to time, the undersigned hereby:

1. sells, assigns and transfers unto _____ the aforementioned Securities standing in the name of the undersigned on the books of the Issuer; and
2. irrevocably constitutes and appoints _____ the Attorney(s) of the undersigned to complete the foregoing transfer and/or any transfer on the transfer panel of the respective certificates representing such Securities and to transfer the said Securities on the books of the Issuer, with full power of substitution in the premises.

DATED effective this ____ day of _____.

[PLEDGOR]

Per: _____
Authorized Signatory

GENERAL SECURITY AGREEMENT

This General Security Agreement is dated as of May 11, 2018 and is made by Calyptra Cultivation Inc., a corporation incorporated under the laws of Alberta and having its principal place of business in Calgary, Alberta (the "**Debtor**") in favour of Enzo Holdings Ltd., a corporation incorporated under the laws of Alberta and having its principal place of business in Calgary, Alberta (the "**Secured Party**").

NOW THEREFORE, the Debtor covenants and agrees with the Secured Party as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement terms and expressions defined in the description of the parties and Schedule "A" shall have those meanings when used herein and, unless otherwise defined herein, terms and expressions defined in the Loan Agreement shall, when used herein, have the same meanings as are ascribed to them therein.

1.2 Schedules

The Definitions contained in Schedule "A" are incorporated into and made a part of this Agreement. Any reference to a Schedule in this Agreement includes, unless the context otherwise requires, such Schedule as amended from time to time by one or more agreements supplemental hereto.

1.3 Interpretation.

The words "hereto", "hereof", "hereunder" and similar expressions mean and refer to this Agreement. In this Agreement words importing the singular number include the plural and vice versa; words importing gender include masculine, feminine and neuter; where any term or expression is defined herein, derivations of such term or expression shall have a corresponding meaning; words and terms denoting inclusiveness (such as "include" or "includes" or "including") or particularity (such as "in particular" or "such as") are, whether or not so stated, not limited by their context or by the words or phrases which precede or succeed them; references to any statute, act or other legislative enactment shall be to such statute, act or other legislative enactment as amended from time to time or replaced by a statute, act or other legislative enactment dealing with substantially the same subject matter as the statute, act or other legislative enactment so replaced; and references to any agreement, contract, document, license or other instrument shall mean and refer to such agreement, contract, document, license or other instrument as amended, modified, replaced, restated, extended, renewed or supplemented from time to time. The headings and the Article and Section titles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

ARTICLE 2 SECURITY

2.1 Security

To secure the payment, performance and final and indefeasible satisfaction in full of each and every Obligation, the Debtor hereby (subject to the exceptions contained in Sections 2.3 and 2.4):

- (a) assigns, transfers, pledges, mortgages and charges to and in favour of the Secured Party and grants to and in favour of the Secured Party a continuing first priority security interest (subject to Permitted Encumbrances arising by operation of law) in and to all of the Debtor's present and after-acquired personal property; and
- (b) mortgages and charges as and by way of a first floating charge (subject to Permitted Encumbrances arising by operation of law) to and in favour of the Secured Party the undertaking and all the property and assets, rights and things of the Debtor both present and future, legal or equitable, of which the Debtor may be possessed or to which it may be entitled or which may hereafter be acquired by the Debtor, including all its right, title, estate and interest in and to any and all real, personal or mixed property, now owned or hereafter acquired by the Debtor, and all its present and future revenues, incomes, moneys, rights, franchises, goods, wares, merchandise, inventories, materials, supplies, book debts, accounts and accounts receivable, negotiable and non-negotiable instruments, judgments, investment property, choses in action, chattel paper, shares and investments, and all other property and things of value of every kind and nature, tangible or intangible, legal or equitable and all proceeds and all products of, and all accessions to, any of the foregoing;

TO HAVE AND TO HOLD the Collateral and the Charge and all rights hereby conferred unto the Secured Party.

2.2 Attachment

The Debtor acknowledges conclusively that the Debtor and the Secured Party intend the Charge in the Collateral to attach immediately upon the execution of this Agreement, except in the case of Collateral in which the Debtor subsequently acquires rights, in which case the Charge shall attach contemporaneously with the Debtor acquiring rights therein without the need for any further or other deed, act or consideration. The Charge shall be effective and shall attach as of the date hereof whether the monies hereby secured or any part thereof shall become owing by the Debtor before or after or upon the date of execution of this Agreement. The Debtor acknowledges conclusively that value has been given.

2.3 Leases

The last day of any term reserved by any lease, oral or written, or any agreement therefor, now held or hereafter acquired by the Debtor, is hereby excepted out of the Charge and does not and shall not form part of the Collateral, but the Debtor shall stand possessed of the reversion remaining in the Debtor of any leasehold premises for the time being demised as aforesaid upon trust to assign and dispose thereof as the Secured Party shall direct and upon any sale of the leasehold premises, or any part thereof, the Secured Party, for the purpose of vesting the aforesaid reversion of any such term or any renewal thereof in any purchaser or purchasers thereof, shall be entitled by deed or writing to appoint such purchaser or purchasers or any other Person or Persons as trustee or trustees of the aforesaid reversion of any such term or any renewal thereof in the place of the Debtor and to vest same accordingly in the new trustee or trustees so appointed freed and discharged from any obligation respecting same.

2.4 Contractual Rights

In the event the validity and effectiveness of the Charge over any of the Collateral requires the consent, approval or waiver of a third person in order to be effective as against such third person, the Charge with respect to any such Collateral shall be effective as against the Debtor and all Persons other than such third person and shall be effective as against such third person when the applicable consent, approval or waiver is obtained, retroactively, to the fullest extent legally possible, to the later of the date

hereof or the date such consent, approval or waiver is obtained or becomes effective, as applicable, and until such consent, approval or waiver is obtained, the Debtor shall (subject to the other terms hereof) stand possessed of such Collateral upon trust to assign and dispose thereof as the Secured Party shall for such purposes direct.

2.5 Negative Pledge

The Debtor covenants and agrees that it will not grant, create, incur, assume or permit or suffer to exist any Security Interest upon or with respect to any of the Collateral, except for Permitted Encumbrances. The fact that the Debtor is permitted to create or suffer to exist any Permitted Encumbrance shall not, in any circumstances, be taken to constitute a subordination of the Charge to any Permitted Encumbrance, it being the intention of the Debtor and the Secured Party that the Charge shall at all times, to the maximum extent permitted by Applicable Law, rank as a first priority Security Interest in priority to Permitted Encumbrances.

2.6 Investment Property

If the Collateral at anytime includes investment property which is or is to be credited to a securities account established by the Debtor with a securities intermediary, the Debtor shall notify the Secured Party and, at the request of the Secured Party, shall and shall procure that the relevant securities intermediary shall enter into an agreement with the Secured Party which includes such terms as may be required by the Secured Party to ensure that the Secured Party has exclusive control over all investment property held in the relevant securities account following the occurrence of an Acceleration Event including, but not limited to, an agreement of the securities intermediary that it will comply with entitlement orders that are originated by the Secured Party without the further consent of the Debtor.

2.7 British Columbia Floating Charges

It is hereby confirmed that the floating charge created hereby is a floating charge within the meaning of Section 203 of the *Land Title Act* (British Columbia) and shall crystallize and become a fixed charge on specific land upon the earlier of: (a) the occurrence of an Acceleration Event, and (b) the date on which the Secured Party has made demand for payment of the Obligations.

For greater certainty, as to any specified lands located outside of the Province of British Columbia, the Secured Party may register such floating charge or any caveat, security notice or other instrument in respect thereof against such specified lands at any real property registry or other similar office and such action shall, unless the Secured Party otherwise elects in writing, only operate so as to crystallize the floating charge created hereby against, and convert such floating charge into a fixed charge on, such specified lands, and shall not operate so as to prevent the floating charge created hereby from attaching to any real property subsequently acquired by the Debtor or in which the Debtor subsequently acquires an interest.

2.8 Evergreen Grant

For the purposes of Section 13(2) of the PPSA, the Debtor hereby irrevocably acknowledges, confirms and agrees that the Charge as it relates to all future crops and growing crops shall be deemed to automatically be novated and re-granted each year on the anniversary date of this Agreement, without any further action of the Debtor or the Secured Party. For certainty, the Debtor acknowledges, confirms and agrees that such automatic renewal shall result in the Charge attaching to all future crops and growing crops (as the case may be) of the Debtor until such time as the Obligations have been fully repaid and satisfied and this Agreement is discharged by the Secured Party pursuant to Section 6.4 hereof.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties

The Debtor hereby represents and warrants to the Secured Party that:

- (a) subject to Sections 2.3 and 2.4, the Debtor has the right to mortgage the Collateral as contemplated by this Agreement; and
- (b) upon the occurrence of an Acceleration Event, the Secured Party shall be entitled to quiet possession of the Collateral, free from all Security Interests except Permitted Encumbrances.

3.2 Survival

All representations and warranties of the Debtor made in this Agreement for the benefit of the Secured Party shall survive the issuance of this Agreement and shall continue in full force and effect without time limit. The Secured Party shall be deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Secured Party at any time.

ARTICLE 4 REMEDIES

4.1 Remedies - General

Upon the occurrence of an Acceleration Event, the Secured Party may, in its absolute discretion:

- (a) exercise such rights and remedies as are provided by the PPSA with respect to the Collateral or any part thereof that constitutes personalty and all other rights and remedies recognized under Applicable Law against the Debtor or in respect of the Collateral or any part thereof for the enforcement of full payment and performance of all the Obligations;
- (b) either with or without notice, enter into and upon and take possession of all or any part of the Collateral with full power to exclude the Debtor and additionally shall have full power and authority:
 - (i) to carry on, manage and conduct the business operations of the Debtor respecting such Collateral and the power to borrow money in its own name or advance its own money for the purpose of such business operations, the maintenance and preservation of such Collateral or any part thereof and the making of such replacements thereof and additions thereto as it shall deem desirable and the payment of taxes, wages and other charges ranking in priority to the Charge; and
 - (ii) to receive the revenues, incomes, issues and profits of such Collateral and to pay therefrom the costs, charges and expenses of the Secured Party in carrying on the said business operations or otherwise, and to pay all taxes, assessments and other charges against such Collateral ranking in priority to the Charge the payment of which may be necessary to preserve such Collateral, and to apply the remainder of the monies so received in the same manner as if the same arose from a sale or realization of such Collateral;

- (c) either after entry as aforesaid or after other entries, or without any entry, sell or dispose of the Collateral, either as a whole or in separate parcels, by private contract, at public auction, by public tender, by lease or by deferred payment arrangement;
- (d) make any such sale or disposition of the Collateral either for cash or upon credit and upon such reasonable conditions as to upset or reserve bid or price and terms of payment as it may deem proper; to rescind or vary any contract or sale that may have been entered into and re-sell with or under any of the powers conferred herein; to adjourn such sale from time to time; and to execute and deliver to the purchaser or purchasers of the Collateral or any part thereof, good and sufficient deed or deeds for the same, and any such sale or disposition made as aforesaid shall be a perpetual bar at law and in equity against the Debtor and all other Persons claiming the Collateral or any part or parcel thereof, by, from, through, or under the Debtor. The Secured Party may become a purchaser at any sale of the Collateral or any part thereof;
- (e) with or without entry or sale as aforesaid, in its discretion, proceed to protect and enforce its rights under this Agreement by sale under judgment order in any judicial proceeding or by foreclosure or a suit or suits in equity or at law or otherwise whether for the specific performance of any covenant or agreement contained in this Agreement or in aid of the execution of any power granted in this Agreement or in aid of the execution of this Agreement or for the filing of such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claim of the Secured Party lodged in any bankruptcy, winding-up or other judicial proceeding, or for the enforcement of any other legal or equitable remedy as the Secured Party shall deem most effective to protect and enforce any of the rights or duties of the Secured Party; or
- (f) in lieu of appointing a Receiver as provided in Section 4.5, apply to any court or courts of competent jurisdiction for the appointment of a Receiver of the Collateral or any part thereof, with such powers as the court or courts making such appointment or appointments shall confer.

4.2 Possession

The Debtor shall on demand by the Secured Party or any Receiver, following the occurrence of an Acceleration Event, yield up possession of the Collateral or any part thereof as demanded by the Secured Party and put no obstacle in the way of, but facilitate by all legal means, the actions of the Secured Party or any Receiver and not interfere with the carrying out of the powers hereby granted to the Secured Party or any Receiver.

4.3 Judgment

The Debtor covenants and agrees with the Secured Party that, in the case of any judicial or other proceeding to enforce the Charge or any part thereof, judgment may be rendered against the Debtor in favour of the Secured Party for any amount of the Obligations, after the application to the payment thereof of the proceeds of any sale of the Collateral or any part thereof. The covenant of the Debtor to pay interest at the rate provided in any agreement giving rise to the Obligations shall not merge in any such judgment and such judgment shall bear interest at the applicable rate of the Obligations until such judgment and all interest thereon has been paid in full.

4.4 Account Debtors and Securities Intermediaries

- (a) After the occurrence of an Acceleration Event, all Persons being a debtor on an intangible or chattel paper, an obligor on an instrument or any other Person being obligated to pay any account receivable or other debt due, owing or accruing due to the Debtor shall be entitled to treat and

regard the Secured Party as the assignee and transferee from the Debtor, in the place and stead of the Debtor to receive such proceeds, accounts and other debts. After the occurrence of an Acceleration Event, the Secured Party may give notice to all or any of such Persons of the Charge and to remit all such proceeds, accounts and other debts directly to the Secured Party, whether or not the Debtor was making collections on such Collateral prior to notification by the Secured Party; and all such Persons shall be fully protected in so treating and regarding the Secured Party and shall be under no obligation to see to the application in any particular manner by the Secured Party of any such proceeds, accounts and other debts received by it. The Debtor will, at the request of the Secured Party, furnish the Secured Party with the names of all such Persons being indebted or obligated to the Debtor.

- (b) All securities intermediaries that are required to act upon entitlement orders of the Debtor are entitled to treat and regard the Secured Party as the entitlement holder, entitled in the place and stead of the Debtor to give entitlement orders. The Secured Party may give notice to each securities intermediary with whom the Debtor maintains a securities account and require each such securities intermediary to act in accordance with entitlement orders of the Secured Party in relation to the investment property held in such securities account; and all such securities intermediaries shall be fully protected in treating and regarding the Secured Party as the entitlement holder and will be under no obligation to see to the application in any particular manner by the Secured Party of any investment property of the Debtor held by the securities intermediary. The Debtor will, at the request of the Security Party, furnish the Secured Party with a list of all securities intermediaries with whom the Debtor maintains accounts together with all relevant account information.
- (c) Any money collected or received by the Secured Party pursuant to paragraph (a) or (b) above shall be applied in the manner set out in Section 4.7. The Secured Party shall not be liable or accountable for its failure to collect, realize, sell or obtain payment of accounts, chattel paper, instruments, intangibles, investment property, choses in action or rights to payment or any part thereof and shall not be bound to institute proceedings for the purpose of collecting, realizing or obtaining payment of the same or for the purpose of preserving any right to payment of the Secured Party, the Debtor or any other Person in respect thereof.
- (d) All money collected or received by the Debtor in respect of accounts, chattel paper, instruments, documents of title, intangibles, investment property, choses in action, rights to payment or other interests of the Debtor described herein shall, after the occurrence of an Acceleration Event, be held by the Debtor in trust for the absolute use and benefit of the Secured Party and shall be paid or delivered over to the Secured Party upon demand in the identical form received and, until demand, shall be held by the Debtor separate and apart from any other funds belonging to the Debtor or any other funds over which it has possession or control.

4.5 Receiver

Upon the occurrence of an Acceleration Event, the Secured Party may in its absolute discretion appoint a Receiver of the Collateral or any part thereof and upon any such appointment by the Secured Party the following provisions shall apply:

- (a) such appointment shall be made in writing signed by the Secured Party and such writing shall be conclusive evidence for all purposes of such appointment; the Secured Party may from time to time in the same manner remove any Receiver so appointed and appoint another in its stead; in making any such appointment the Secured Party shall be deemed to be acting as the attorney for the Debtor and the Debtor hereby consents to the appointment of a Receiver;

- (b) any such appointment may be limited to any part or parts of the Collateral or may extend to the whole thereof;
- (c) every Receiver may, in the discretion of the Secured Party, be vested with all or any of the powers, rights, benefits, discretions, protection and relief of the Secured Party hereunder and shall be vested with all of the powers and protections afforded to a Receiver under Applicable Law;
- (d) the Secured Party may from time to time fix the reasonable remuneration of the Receiver and direct the payment thereof, in priority to the other Obligations, out of the Collateral, the income therefrom or the proceeds thereof;
- (e) the Secured Party may from time to time require any Receiver to give security for the performance of its duties and may fix the nature and amount thereof, but the Secured Party shall not be bound to require such security;
- (f) every such Receiver may, with the consent in writing of the Secured Party, borrow money for the purpose of carrying on the business of the Debtor in respect of any part of the Collateral or for the maintenance, protection or preservation of the Collateral or any part thereof, and any Receiver may issue certificates (in this Section called "**Receiver's Certificates**"), for such sums as will in the opinion of the Secured Party be sufficient for carrying out the foregoing, and such Receiver's Certificates may be payable either to order or bearer and may be payable at such time or times as the Secured Party may consider expedient, and shall bear such interest as shall therein be declared and the Receiver may sell, pledge or otherwise dispose of the same in such manner as the Secured Party may consider advisable and may pay such commission on the sale thereof as the Secured Party may consider reasonable, and the amounts from time to time payable by virtue of such Receiver's Certificates shall at the option of the Secured Party form a charge upon the Collateral in priority to this Agreement;
- (g) every Receiver shall, regarding its acts or omissions, be deemed the agent of the Debtor, and in no event the agent of the Secured Party and the Secured Party shall not, in making or consenting to such appointment, incur any liability to any Receiver for its remuneration or otherwise howsoever;
- (h) except as may be otherwise directed by the Secured Party, all monies from time to time received by any Receiver shall be paid over to the Secured Party at the place where this Agreement is payable; and
- (i) the Secured Party may pay over to any Receiver any monies constituting part of the Collateral to the extent that the same may be applied for the purposes hereof by such Receiver and the Secured Party may from time to time determine what funds any Receiver shall be at liberty to keep on hand with a view to the performance of its duties as such Receiver.

4.6 Remedies Not Exclusive

No right, power or remedy herein conferred upon or reserved to the Secured Party or any Receiver is intended to be exclusive of any other right, power or remedy or remedies, and each and every right, power and remedy shall, to the extent permitted by Applicable Law, be cumulative and shall be in addition to every other right, power or remedy given hereunder or now or hereafter existing at law, in equity or by statute. The Secured Party shall have the power to waive any default, provided no such waiver shall be effective unless made in writing and shall not constitute a waiver of any other or subsequent default. No delay or omission of the Secured Party in the exercise of any right, power or remedy accruing upon any default shall impair any such right, power or remedy or shall be construed to be a waiver of any such default

or an acquiescence therein. Every right, power and remedy given to the Secured Party or to a Receiver by this Agreement or under Applicable Law may be exercised from time to time and as often as may be deemed expedient by the Secured Party or such Receiver, as applicable. In case the Secured Party shall have proceeded to enforce any right under this Agreement and the proceedings for the enforcement thereof shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Secured Party, then and in every such case the Debtor and the Secured Party shall, without any further action hereunder, to the fullest extent permitted by Applicable Law, subject to any determination in such proceedings, severally and respectively, be restored to their former positions and rights hereunder and thereafter all rights, remedies and powers of the Secured Party shall continue as though no such proceeding had been taken.

4.7 Application of Proceeds

Except as herein otherwise expressly provided, the monies arising from any enforcement in whole or in part of the Charge, or from any sale or realization of the whole or any part of the Collateral, whether under sale by the Secured Party or by judicial process or otherwise, and all incomes, rents and profits of the Collateral, together with any other monies then in the hands of the Secured Party or any Receiver available for such purpose, shall be applied against the Obligations as follows:

- (a) first, to pay or reimburse to the Secured Party and any Receiver for the costs, charges, expenses, borrowings, advances and reasonable compensation of the Secured Party and such Receiver in connection with the exercise and performance of their duties hereunder, with interest thereon as herein provided;
- (b) second, in or towards payment of the other Obligations; and
- (c) third, the surplus, if any, of such monies shall be paid to whomever may be legally entitled thereto.

4.8 Power of Attorney

The Debtor hereby irrevocably constitutes and appoints the Secured Party its true and lawful attorney and agent, with full power and authority in the Debtor's name, place and stead from time to time to do all acts and things and execute and deliver all share transfers, certificates, proxies, resolutions, consents, assignments, transfers, conveyances and agreements, in such form as the Secured Party considers necessary or desirable, and to do all things which the Debtor is required to sign, execute and do hereunder if the Debtor has failed to sign, execute or do the same and generally to use the name of the Debtor in the exercise of all or any of the powers hereby conferred on the Secured Party, with full powers of substitution and revocation; provided that this power of attorney may not be exercised by the Secured Party until an Acceleration Event shall have occurred. Such appointment and power of attorney is hereby declared by the Debtor to be an irrevocable power coupled with an interest.

4.9 Deficiency

If there is any deficiency of payment in respect of the Obligations, the Debtor shall be and at all times remain liable for the payment thereof to the Secured Party.

ARTICLE 5

LIABILITIES, WAIVERS AND EXPENSES

5.1 Liability of Secured Party

Neither the Secured Party nor any Receiver shall (i) be responsible or liable for any debts contracted by it, for damages to Persons or property, for salaries or for non-fulfilment of contracts during any period when the Secured Party or any Receiver shall manage or be in possession of the Collateral; (ii) be liable to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable; (iii) be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor; or (iv) in the case of any chattel paper, security, investment property or instrument, be obligated to preserve rights against any other Persons. The Debtor hereby waives any provision of Applicable Law permitted to be waived by it which imposes higher or greater obligations upon the Secured Party or any Receiver than aforesaid.

5.2 Mandatory Provisions of Applicable Law

Subject to Section 5.3, all rights, remedies, and powers provided herein may be exercised only to the extent that the exercise thereof does not violate any mandatory provision of Applicable Law and all the provisions of this Agreement are intended to be subject to all mandatory provisions of Applicable Law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Agreement invalid, unenforceable or not entitled to be recorded, registered or filed under any mandatory provisions of Applicable Law. Subject to Section 5.3, if any mandatory provision of Applicable Law shall provide for different or additional requirements than or to those specified herein as prerequisites to or incidental to the realization, sale or foreclosure of the Charge or any part thereof, then, to that extent, such laws shall be deemed to have been set forth herein at length, and any conflicting provisions hereof shall be disregarded, and the method of realization, sale or foreclosure of the Charge required by any such laws shall, insofar as may be necessary, be substituted herein as the method of realization, sale or foreclosure in lieu of that set forth above. Any provision hereof contrary to mandatory provisions of Applicable Law shall be deemed to be ineffective and shall be severable from and not invalidate any other provision of this Agreement.

5.3 Waivers of Applicable Laws

- (a) To the extent not prohibited by Applicable Law, the Debtor hereby waives its rights, if any, under all provisions of Applicable Law that would in any manner, limit, restrict or otherwise affect the Secured Party's rights and remedies hereunder or impose any additional obligations on the Secured Party. The Debtor waives the right to receive any amount which it may now or hereafter be entitled to receive (whether by way of damages, fine, penalty or otherwise) by reason of the failure of the Secured Party to deliver to the Debtor a copy of any financing statement or any verification statement issued by any registry that confirms registration of a financing statement relating to this Agreement and the Debtor waives its right to receive a copy of such financing or verification statements.
- (b) The Debtor hereby authorizes the Secured Party to provide information to any Person who requests information under the PPSA or similar legislation and the Secured Party will not be required to investigate whether or not the inquiring Person is in fact a Person entitled to request information pursuant to the PPSA or similar legislation.
- (c) To the full extent that it may lawfully do so, the Debtor hereby:

- (i) waives and disclaims any benefit of, and shall not have or assert any right under any statute or rule of law pertaining to, the marshalling of assets or any other matter whatever, to defeat, reduce or affect the rights of the Secured Party under the terms of this Agreement to a sale of the Collateral or any part thereof or for the collection of all amounts secured hereby;
- (ii) agrees that it shall not have or assert any right or equity of redemption or any right under any statute or otherwise to redeem the Collateral or any part thereof after the completion of the sale hereunder to any Person, whether such sale is by the Secured Party, any Receiver or otherwise, notwithstanding, that the Secured Party may have purchased same;
- (iii) agrees that the *Land Contracts (Actions) Act* (Saskatchewan) shall have no application to any action (as defined in such Act) with respect to the Charge; and
- (iv) agrees that the *Limitation of Civil Rights Act* (Saskatchewan) shall have no application to:
 - (A) this Agreement or any instrument or agreement in implementation hereof;
 - (B) any Security Interest or security for the payment of money made, given or created pursuant to this Agreement or such instruments or agreements;
 - (C) any agreement or instrument entered into at any time hereafter by the Debtor renewing or extending or collateral to this Agreement; or
 - (D) the rights, powers or remedies of the Secured Party or any Receiver under any of the foregoing agreements or instruments.
- (d) The Debtor hereby agrees that any payments from insurance monies shall be applied in the manner set out in Section 4.7.

5.4 Expenses

If the Debtor fails to pay any amounts required to be paid by it under this Agreement or to observe or perform any of the covenants and obligations set forth in this Agreement to be observed or performed by it, the Secured Party and any Receiver may, but shall be under no obligation to, pay such amounts or do such acts or things as may be required to ensure such observance and performance, without waiving any of its rights under this Agreement. No such payment, act or thing by the Secured Party or any Receiver shall relieve the Debtor from any default under this Agreement or the consequences of such default. The reasonable expenses (including the cost of any insurance, environmental assessment or audit and payment of taxes or other charges and legal fees and expenses on a solicitor and his own client, full indemnity, basis) paid by the Secured Party or any Receiver in respect of the care, custody, preservation, use or operation of the Collateral, shall be deemed advanced to the Debtor by the Secured Party or such Receiver, shall become part of the Obligations, and shall, from the time they are paid by the Secured Party or such Receiver until repaid by the Debtor, bear interest at the highest rate applicable to the Obligations. In addition, the Debtor shall pay all reasonable expenses (including legal fees and expenses on a solicitor and his own client, full indemnity, basis) incurred by the Secured Party or any Receiver in connection with the preparation, perfection, execution, protection, enforcement of and advice with respect to this Agreement (including the realization, disposition, retention, protection or collection of the Collateral or any part thereof and the protection and enforcement of the rights of the Secured Party and any Receiver hereunder together with all remuneration paid to a Receiver and all costs, charges and expenses of or incidental to any receivership) and such expenses shall become part of the Obligations, and shall, from the time they are paid

by the Secured Party or such Receiver until repaid by the Debtor, bear interest at the highest rate applicable to the Obligations.

5.5 Indemnity

The Debtor will and does hereby indemnify and save harmless the Secured Party, every Receiver and their respective directors, officers, employees and agents from and against any and all liabilities, actions, claims, judgments, obligations, costs, charges or expenses, including reasonable legal fees and expenses on a solicitor and his own client, full indemnity, basis, made against or incurred by the Secured Party or any Receiver as a result of taking this Agreement, except if caused by the gross negligence or willful misconduct of the Secured Party or any Receiver. The Secured Party and every Receiver shall have the right to defend against any such liabilities, actions, claims and charges and to claim from the Debtor all expenses incurred in connection therewith, together with all reasonable legal fees and expenses on a solicitor and his own client, full indemnity, basis that may be paid in connection therewith. It is understood and agreed that the covenants and conditions of this Section shall remain in full force and effect notwithstanding the payment of the Obligations or the release of the Charge.

5.6 Environmental Indemnity

- (a) The Debtor shall forthwith on demand fully indemnify, defend and save the Secured Party, any Receiver and their respective directors, officers, employees and agents, and any of them, (in this Section any one or more or all of such persons is referred to as the "**Indemnified Party**") harmless from and against any and all indebtedness, liabilities, obligations, losses, claims, damages and expenses (including all reasonable legal fees on a solicitor and his own client, full indemnity, basis and accountant fees and expenses, court costs and all other reasonable out-of-pocket expenses) sustained, paid, incurred or suffered by the Indemnified Party arising in any manner whatsoever (except if caused by the gross negligence or willful misconduct of any Indemnified Party) out of or as a result of any Environmental Liabilities directly or indirectly relating to or affecting the Debtor or its assets and properties (all or any item or part of the foregoing indebtedness, liabilities, obligations, losses, claims, damages and expenses are referred to in this Section as a "**Loss**"). The Debtor acknowledges that the Secured Party is entering into the provisions of this Section 5.6 on its own behalf and as agent and trustee for any Receiver and the directors, officers, employees and agents of the Secured Party and any Receiver.
- (b) If any claim (in this Section referred to as a "**Claim**") shall be asserted by any person against the Indemnified Party which may give rise to a Loss, the Indemnified Party shall promptly notify the Debtor of all particulars of such Claim upon learning of same. The failure to give any such notice, however, shall not affect the Debtor's liability to indemnify the Indemnified Party unless such failure adversely and materially affects the Debtor's ability to defend, object to, oppose or contest that Claim.
- (c) The Debtor shall at all times have the right, if no Acceleration Event has occurred, but shall not be required, at its sole expense to resist, defend and compromise any Claim in the name of the Indemnified Party, by legal counsel reasonably acceptable to the Indemnified Party who will co-operate in such defence on a reasonable basis; provided that the Indemnified Party shall have the right to participate in the defence or compromise of any Claim by other legal counsel of its choosing if the Indemnified Party, acting reasonably, determines it should so participate; provided that subject to Section 5.6(d) the fees and disbursements of such other counsel shall be paid by the Debtor. Except after the occurrence of an Acceleration Event, the Debtor may effect any settlement or compromise of any Claim without the written consent of the Indemnified Party, provided it obtains a full release of such Claim for the benefit of the Indemnified Party. Notwithstanding

anything herein to the contrary, the Debtor on its own behalf must defend diligently and reasonably throughout the period while such Claim exists. If the Debtor exercises its rights under this Section 5.6, it may not, after the occurrence of an Acceleration Event, compromise or otherwise settle a Claim without the consent of the Indemnified Party suffering such Claim, which consent shall not be unreasonably withheld or delayed. The inability of the Debtor to pay such Claim in full shall constitute a sufficient reason to withhold such consent.

- (d) The Debtor shall not, in connection with any Claim in the same jurisdiction, be liable for the fees and expenses of more than one separate legal firm for the Indemnified Parties unless such representation by the same legal counsel would be inappropriate due to actual or potential differing interests or the employment thereof has been specifically authorized by the Debtor in writing and such firm or firms shall be designated in writing by the Secured Party on behalf of each Indemnified Party.

ARTICLE 6

REGISTRATION AND DISCHARGE

6.1 Composite Security Agreement

This Agreement is a composite agreement covering the Collateral of the Debtor located in various Provinces and Territories of Canada and, as to portions of the Collateral located in such separate jurisdictions, this Agreement shall be a separate security agreement enforceable against the Debtor without regard to the application of this Agreement to portions of the Collateral located in other jurisdictions. All provisions hereof shall be applicable separately to the portions of the Collateral located in each separate jurisdiction with the same effect as if a separate security agreement with respect thereto had been executed and delivered by the Debtor to the Secured Party. Upon the reasonable request of the Secured Party, the Debtor shall prepare, execute and deliver, at its expense, a separate security agreement covering the portion of the Collateral located in any such jurisdiction or jurisdictions, such separate security agreement to be substantially in the form hereof except for such modifications as shall be required by the fact that such security agreement relates only to the property of the Debtor located in such jurisdiction or jurisdictions or as may be required by the Secured Party in connection therewith.

6.2 Further Assurances

The Debtor hereby covenants and agrees that it will at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, mortgages, hypothecs, transfers, assignments and assurances as the Secured Party may reasonably require for the better assuring mortgaging, charging, transferring, assigning, granting, delivering and confirming unto the Secured Party the Collateral, or any part thereof, and for the better accomplishing and effectuating the purpose of this Agreement, including the execution and delivery of agreements supplemental hereto more particularly describing the Collateral or to correct or amplify the description of the Collateral or to better assure, convey and confirm unto the Secured Party any of the Collateral. Upon the execution of any supplemental agreement under this Section, this Agreement shall be modified in accordance therewith, and each such supplemental agreement shall form part of this Agreement for all purposes.

6.3 Registration

The Debtor shall cooperate with the Secured Party to cause this Agreement and all such supplementary and corrective instruments and all additional mortgage and security documents described in Sections 6.1 or 6.2, and all documents, caveats, security notices and financing statements in respect thereof, are promptly filed and refiled, registered and re-registered and deposited and re-deposited, in such manner,

in such offices and places, and at such times and as often as may be required by Applicable Law or as may be necessary or desirable to perfect and preserve the Charge as a first priority Security Interest and the rights conferred or intended to be conferred upon the Secured Party by the Charge.

6.4 Discharge

Upon the full, final and indefeasible payment and performance of the Obligations, this Agreement and the rights hereby granted shall, at the request of the Debtor, be terminated and thereupon the Secured Party shall at the request and at the expense of the Debtor cancel and discharge the Charge and execute and deliver to the Debtor such deeds and other instruments as shall be requisite to cancel and discharge the Charge; provided that this Agreement shall continue to be effective or be reinstated, as the case may be, if for any reason at any time any payment or performance of the Obligations, or any part thereof, is rescinded, reversed, nullified, rendered void or voidable or must otherwise be restored, refunded, returned or reimbursed by the Secured Party.

6.5 Partial Discharge

No postponement or partial release or discharge of the Charge in respect of all or any part of the Collateral shall in any way operate or be construed so as to release and discharge the Charge except as therein specifically provided, or so as to release or discharge the Debtor from its liability to the Secured Party to fully pay and satisfy the Obligations.

ARTICLE 7 MISCELLANEOUS

7.1 Additional Security

Nothing in this Agreement contained shall detract from or limit the absolute obligation of the Debtor to perform or observe any act or condition which it is required to perform or observe hereunder whether or not the Charge is operative, and the rights under this Agreement shall be in addition to and not in substitution for any other Security Interests of any and every character now or hereafter held by the Secured Party for the Obligations. The taking of any action or proceedings or refraining from so doing, or any other dealing with any other Security Interest for the obligations, shall not release or effect the Charge or any proceedings hereunder for realization and shall not release or effect any other Security Interests held by the Secured Party for the Obligations.

7.2 Third Parties

No Person dealing with the Secured Party or any Receiver shall be concerned to inquire whether the Charge (or any part thereof) has become enforceable, or whether the powers which the Secured Party or any Receiver is purporting to exercise have become exercisable, or whether any of the Obligations remain outstanding or as to the necessity or expediency of the stipulations and conditions subject to which any sale shall be made, or otherwise as to the propriety or regularity of any sale or of any other dealing by the Secured Party with the Collateral or any part thereof or to see to the application of any money paid to the Secured Party, and, in the absence of fraud on the part of such Person, such dealings shall be deemed, as regards the safety and protection of such Person, to be within the powers hereby conferred upon the Secured Party and to be valid and effective accordingly.

7.3 Severability

Any provision of this Agreement which is or becomes prohibited or unenforceable in any jurisdiction does not invalidate, affect or impair the remaining provisions hereof in such jurisdiction and any such prohibition or unenforceability in any jurisdiction does not invalidate or render unenforceable such provision in any other jurisdiction.

7.4 Amendments

No provision of the Agreement may be amended verbally and any such amendment may only be made by way of an instrument in writing signed by the Debtor and the Secured Party.

7.5 Governing Law

This Agreement is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and of Canada applicable therein. There shall be no application of any conflict of laws or rules which would result in any laws other than internal laws in force in the Province of Alberta applying to this Agreement. The Debtor hereby irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Agreement, or any of the transactions contemplated hereby, without prejudice to the rights of the Secured Party to take proceedings in other jurisdictions in which any Collateral may be situate.

7.6 Time of Essence

Time shall be of the essence of this Agreement.

7.7 Enurement

This Agreement shall be binding upon the Debtor and its successors and permitted assigns and shall enure to the benefit of the Secured Party and its successors and assigns. The Secured Party may assign its rights and obligations (if any) under this Agreement and the Guarantee on notice to the Debtor and the Debtor may not assign its rights and obligations under this Agreement or the Guarantee.

7.8 Notices

Every notice, request, demand or other communication under this Agreement shall be sent in the manner and at the address set forth in the Guarantee.

7.9 Receipt

The Debtor hereby acknowledges receipt of an executed copy of this Agreement.

7.10 Paramountcy

In the event of any conflict, ambiguity or inconsistency between this Agreement and the Loan Agreement, the terms of the Loan Agreement shall govern and prevail to the extent necessary to remove the conflict, ambiguity or inconsistency.

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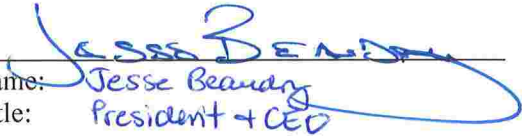
IN WITNESS WHEREOF the Debtor has issued this General Security Agreement signed by its duly authorized officers as of the date and year first above written.

CALYPTRA CULTIVATION INC.

Per: _____

Name: _____

Title: _____


Jesse Beaudry
President + CEO

Schedule "A" attached to and forming part of a General Security Agreement dated as of May 11, 2018 given by Calyptra Cultivation Inc., as debtor, in favour of Enzo Holdings Ltd., as secured party

DEFINITIONS

In this Agreement:

"Acceleration Event" means demand by the Secured Party for payment of any of the Obligations (either through the exercise of its option to accelerate such Obligations under the Loan Agreement or pursuant to the Guarantee) or the occurrence of an Event of Default specified in Sections 9.1(f) or 9.1(g) of the Loan Agreement, whichever occurs earlier;

"Borrower" means Candre Cannabis Inc., including its successors and permitted assigns;

"Charge" means the Security Interests created by this Agreement;

"Collateral" means the whole, or any item or part, of the property, assets, rights and undertaking of the Debtor from time to time subjected or intended to be subjected to the Charge. For greater certainty, and without limiting the generality of the foregoing, the Collateral shall include, without limitation, all harvested and unharvested crops, whether growing or matured, and whether grain, roots, seeds, leaves or otherwise, and wherever located, and any interest of the Debtor therein;

"Environmental Liabilities" means any and all obligations and liabilities for any Release, any environmental damage, any contamination or any other environmental problem caused or alleged to have been caused to any Person, property or the environment as a result of any Release or the condition of any property or asset, whether or not caused by a breach of Applicable Laws, including all obligations and liabilities arising from or related to: any surface, underground, air, groundwater, or surface water contamination; the abandonment or plugging of any well; restorations and reclamations; the removal of or failure to remove any foundations, structures or equipment; the cleaning up or reclamation of storage sites; any Release; violation of pollution standards; and personal injury (including sickness, disease or death) and property damage arising from the foregoing;

"Guarantee" means the guarantee dated as of May 11, 2018, granted by the Debtor, as guarantor, in favour of the Secured Party, as creditor, as such guarantee may be amended, amended and restated, modified, replaced, restated or supplemented from time to time;

"Loan Agreement" means the loan agreement dated as of May 11, 2018 between the Borrower, as borrower, and the Secured Party, as lender, as such loan agreement may be amended, amended and restated, modified, replaced, restated or supplemented from time to time;

"Obligations" means all obligations, indebtedness, liabilities, covenants, agreements and undertakings of the Debtor to the Secured Party (including fees, expenses, costs and indemnities), present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred, and any ultimate unpaid balance thereof, including all future advances and re-advances, and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor is bound alone or with others and whether as principal or surety, in each case under or in any way connected with, arising out of or contemplated by the Guarantee or any other Loan Document;

"PPSA" means the *Personal Property Security Act* (Alberta), as amended from time to time; and the terms "securities intermediary", "entitlement order", "investment property", "securities account", "proceeds", "chattel paper", "intangible", "instrument", "accessions", "document of title" and "account" shall, when used herein, have the same meanings as are ascribed thereto in the PPSA; and

"**Receiver**" means any receiver, manager, or receiver and manager of the Collateral or any part thereof or the business and undertaking of the Debtor, or any part thereof, whether appointed by the Secured Party under this Agreement or by a court pursuant to Applicable Law and any nominee of the Secured Party or any other Person that is appointed by the Secured Party to exercise all or any of the powers, rights, benefits and discretion of the Secured Party under this Agreement.

SHARE PLEDGE

This Share Pledge dated as of May 11, 2018 is made by **JASMINE VENTURES LTD.**, a corporation incorporated pursuant to the laws of the Province of Alberta (the "**Pledgor**") in favour of **ENZIO HOLDINGS LTD.** (the "**Lender**").

NOW THEREFORE, the Pledgor covenants and agrees with the Lender as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, terms and expressions defined in the description of the parties, recitals and the Loan Agreement shall, when used herein and unless otherwise defined herein, have the same meanings as are ascribed to them therein, and:

"Acceleration Event" means demand by the Lender for payment of any of the Obligations (either through the exercise of its option to accelerate such Obligations under the Loan Agreement or pursuant to the Guarantee) or the occurrence of an Event of Default specified in Sections 9.1(f) or 9.1(g) of the Loan Agreement, whichever occurs earlier;

"Agreement" means this share pledge, as amended, modified and supplemented from time to time;

"Charge" means the Security Interests created by this Agreement;

"Guarantee" means the limited recourse guarantee dated as of May 11, 2018, granted by the Pledgor, as guarantor, in favour of the Lender, as creditor, as such limited recourse guarantee may be amended, amended and restated, modified, replaced, restated or supplemented from time to time;

"including" means including, without limitation, and shall not be construed to limit any general statement which it follows to the specific or similar items or matters immediately following it, and **"includes"** shall be construed in a like manner;

"Issuer" means Candre Cannabis Inc., a corporation incorporated under the laws of the Province of Alberta;

"Loan Agreement" means the loan agreement dated May 11, 2018 among the Lender, as lender, and the Issuer, as borrower, as such loan agreement may be amended, amended and restated, renewed, modified, restated, replaced, assigned or supplemented from time to time;

"Obligations" means all obligations, indebtedness, liabilities, covenants, agreements and undertakings of the Pledgor to the Lender (including fees, expenses, costs and indemnities), present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred, and any ultimate unpaid balance thereof, including all future advances and re-advances, and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Pledgor be bound alone or with others and whether as principal or surety, in each case under or in any way connected with, arising out of or contemplated by this Agreement or the Guarantee; and **"Obligation"** means any of them;

"Pledged Collateral" means, collectively:

- (a) all Pledged Securities;
- (b) all other shares and rights in the capital of the Issuer held by the Pledgor and all other investment property issued by the Issuer whether in the form of debt, equity, options, warrants or other convertible securities, which are, will or may by any series of transactions be converted into shares in the capital of the Issuer held by the Pledgor;
- (c) all dividends (whether cash or non-cash), payments, entitlements and other distributions (including share redemption proceeds), in respect of or in exchange for the Pledged Securities, or any part thereof, and all shares or other investment property into which the Pledged Securities may be converted whether by way of amalgamation, arrangement, or other corporate reorganization or resulting from any subdivision or consolidation of the Pledged Securities; and
- (d) all replacements and substitutions for the foregoing, all certificates and other instruments representing or evidencing the foregoing, all proceeds and other property received or receivable in respect thereof, and all rights and claims of the Pledgor in respect of same;

"Pledged Securities" means all shares in the capital of the Issuer held by the Pledgor and all share certificate(s) representing such shares, being, on the date hereof, 40,000,000 Class "A" Common voting shares and share certificate number 4A representing such shares; and

"PPSA" means the *Personal Property Security Act* (Alberta), as amended from time to time; and the terms, "accessions", "account", "chattel paper", "documents of title", "entitlement orders", "instrument", "intangible", "investment property", "proceeds", "securities account", and "securities intermediary" shall, when used herein, have the same meanings as are ascribed thereto in the PPSA.

1.2 References

Unless something in the subject matter or context is inconsistent herewith, all references to Sections and Articles are to Sections and Articles of this Agreement. The words "hereto", "hereof", "hereunder" and similar expressions mean and refer to this Agreement. In this Agreement the singular includes the plural and vice versa; a reference to gender includes the masculine, feminine and neuter; where a term or expression is defined, derivations thereof have a corresponding meaning; references to any statute, act or other legislative enactment shall be to such statute, act or other legislative enactment as amended from time to time or replaced by a statute, act or other legislative enactment dealing with substantially the same subject matter as the statute, act or other legislative enactment so replaced; and references to any agreement, contract, document, license or other instrument shall mean and refer to such agreement, contract, document, license or other instrument as amended, modified, replaced, restated, extended, renewed or supplemented from time to time. The headings and the Article and Section titles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

ARTICLE 2 SECURITY

2.1 Security Interest

To secure the payment, performance and final and indefeasible satisfaction in full of all of the Obligations, the Pledgor hereby assigns, transfers, mortgages, pledges, and charges as and by way

of a first, fixed and specific mortgage and charge to and in favour of the Lender and grants to the Lender a continuing first priority security interest (subject to Permitted Encumbrances arising by operation of law) in and to all of the Pledgor's right, title, estate and interest in and to the Pledged Collateral.

2.2 Attachment

The Pledgor acknowledges conclusively that the Pledgor and the Lender intend the Charge in the Pledged Collateral to attach immediately upon the execution of this Agreement and in the case of Pledged Collateral which subsequently becomes subject hereto, contemporaneous with the Pledgor acquiring rights therein, without the need for any further or other deed, act or consideration. The Pledgor acknowledges conclusively that value has been given.

2.3 Certificates

All certificates representing the Pledged Securities shall be delivered to the Lender as security for the payment and performance of all of the Obligations and shall be accompanied by duly executed powers of attorney/instruments of transfer in favour of the Lender in the form of Schedule "A" hereto and properly guaranteed in order to make the Pledged Securities fully negotiable.

2.4 Control Agreements

If the Pledged Collateral at any time includes investment property which is or is to be credited to a securities account established by the Pledgor with a securities intermediary, the Pledgor shall notify the Lender and, at the request of the Lender, shall, and shall procure that the relevant securities intermediary shall, enter into an agreement with the Lender which includes such terms as may be required by the Lender to ensure that the Lender has exclusive control over all investment property held in the relevant securities account following the occurrence of an Acceleration Event including, but not limited to, an agreement of the securities intermediary that it will comply with entitlement orders that are originated by the Lender without the further consent of the Pledgor.

2.5 Custody

In its custody of the Pledged Collateral, the Lender shall be bound to exercise the same degree of care as it would exercise with respect to its own securities and property. However, the Lender shall be under no obligation to take any necessary steps to preserve rights in the Pledged Collateral against any Person or exercise any rights arising in respect of the Pledged Collateral.

2.6 Additional Security

The Charge is in addition to, and not in substitution for, any other Security Interest now or hereafter held by the Lender for the Obligations. The taking of any action or proceedings or refraining from so doing, or any other dealing with any other Security Interest for the Obligations or any part thereof shall not release or affect the Charge or any proceedings hereunder for realization and shall not release or affect any other Security Interest held by or on behalf of the Lender for the Obligations.

2.7 Capital Structure Changes

If during the term of this Agreement any reclassification, consolidation, subdivision, readjustment or other change in the capital structure of the Issuer is made, or any right of conversion attached to the Pledged Collateral is exercised, then all new, substituted and additional certificates representing such ownership interests, or other investment property, issued to the Pledgor by reason of

any such change or exercise shall be delivered to and be held by the Lender, together with duly executed instruments of transfer or assignment, and authorizing shareholders' or directors' resolutions, as applicable, approving the transfer shall be delivered by the Pledgor to the Lender, and all such new, substituted and additional certificates representing such ownership interests or other investment property shall be held by the Lender under the terms of this Agreement in the same manner as the Pledged Securities.

ARTICLE 3 RIGHTS TO PLEDGED SECURITIES

3.1 Permitted Activities

At all times prior to an Acceleration Event:

- (a) the Pledgor shall be entitled to exercise all voting and/or consensual powers pertaining to the Pledged Collateral for all purposes not inconsistent with the terms of this Agreement, except that the Pledgor shall not have any right to exercise any such power if the voting action or omission to act in favour of which the Pledgor intends to exercise such power would have a material adverse effect on the financial or business condition of the Issuer, impair the Pledged Collateral or violate the provisions of this Agreement or the Loan Agreement;
- (b) the Lender shall be entitled from time to time to cause any or all of the Pledged Collateral to be transferred on the books and share or other securities registers of the Issuer, to the Lender; and with respect to the Pledged Collateral transferred as aforesaid, the Pledgor's rights in Section 3.1(a) shall only be exercised pursuant to a power of attorney and the Lender shall execute and deliver to the Pledgor a power of attorney for such purposes; and
- (c) the Pledgor shall be entitled to exercise and receive the benefit of all other rights associated with the Pledged Collateral, including the right to receive and retain any and all cash dividends, distributions, payments and entitlements on the Pledged Collateral, provided, however, that all other dividends, distributions, payments and entitlements or distributions in liquidation upon or in respect of the Pledged Collateral, or resulting from a split-up, revision or reclassification of the Pledged Collateral, or received in exchange for the Pledged Collateral, as a result of a merger, consolidation or otherwise, shall be granted to the Lender as Pledged Collateral pursuant hereto immediately upon the receipt thereof by the Pledgor.

3.2 Termination of Rights

Upon the occurrence of an Acceleration Event, the Pledgor's rights described in Section 3.1 shall automatically cease and terminate and the Lender, or its nominee, without demand or notice to the Pledgor, is hereby authorized to:

- (a) cause any or all of the Pledged Collateral to be transferred on the books and share or other securities registers of the Issuer to and in the name of the Lender or any nominee thereof;
- (b) represent the Pledgor at any meeting of the Issuer and to have the sole and exclusive right to exercise all voting, consensual powers and other rights pertaining to the Pledged Collateral, in any manner whatsoever as the Lender or its nominee holding such Pledged Collateral may in its absolute discretion determine; and

- (c) receive any and all cash dividends, distributions, payments or entitlements thereon which shall be paid or transferred directly to the Lender or its nominee as Pledged Collateral pursuant hereto immediately upon the receipt thereof by the Pledgor.

3.3 Power of Attorney

Effective upon the occurrence of an Acceleration Event, the Pledgor hereby irrevocably constitutes and appoints the Lender its true and lawful attorney and agent, with full power and authority in the Pledgor's name, place and stead from time to time to do all acts and things and execute and deliver all transfers, certificates, proxies, resolutions, consents, assignments, transfers, conveyances and agreements, in such form as the attorney considers necessary or desirable for ensuring the Pledged Collateral is effectively transferred to and vested in the Lender or any purchaser of such Pledged Collateral, to perfect, preserve and protect the Charge and to exercise the Lender's rights hereunder. Such appointment and power of attorney is hereby declared by the Pledgor to be an irrevocable power coupled with an interest.

ARTICLE 4 REMEDIES

4.1 Remedies

Upon the occurrence of an Acceleration Event, the Lender shall be entitled, at its sole option and discretion, and in addition to the rights of the Lender described in Section 3.2, to do any or all of the following:

- (a) the Lender may, without being required to give any notice to the Pledgor, sell the Pledged Collateral, or any part thereof, at public or private sale, for cash, upon credit or for future delivery and at such price or prices and on such other terms as the Lender may deem commercially reasonable, and the Lender may be the purchaser of any or all of the Pledged Collateral so sold at any such sale of the Pledged Collateral or any part thereof;
- (b) upon any such sale the Lender shall have the right to deliver, assign and transfer to the purchaser thereof the Pledged Collateral so sold; each purchaser (which shall include the Lender, if it is a purchaser) at any such sale shall hold the property sold absolutely, free from any claim or right of whatsoever kind of the Pledgor and the Pledgor hereby specifically waives, to the extent permitted by Applicable Law, all rights of redemption, stay or appraisal which it has or may have under any rule of law or statute now existing or hereafter adopted;
- (c) the Lender may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement of the time and place fixed for the sale, and such sale may be made at any time or place to which the same shall be so adjourned;
- (d) in the case of any sale of all or any part of the Pledged Collateral on credit or for future delivery, the Pledged Collateral so sold may be retained by the Lender until the selling price is paid by the purchaser thereof, but the Lender shall not incur any liability in case of the failure of such purchaser to take up and pay for the Pledged Collateral so sold and, in case of any such failure, such Pledged Collateral may again be sold upon like notice;
- (e) in the event that the Lender determines to exercise its rights to sell all or any part of the Pledged Collateral pursuant hereto, the Pledgor will, at the Pledgor's expense and upon request of the Lender, execute and deliver all such instruments and documents and do or cause to be done all

such other acts and things as the Lender may reasonably request to make any sale of such Pledged Collateral valid and binding and in compliance with all Applicable Laws; and

- (f) the Lender shall be entitled to exercise such rights and remedies as are provided by the PPSA and all other rights and remedies recognized under Applicable Law against the Pledged Collateral for the enforcement of full payment and performance of the Obligations.

4.2 Application of Money

The Lender shall apply all monies received or collected from time to time by it hereunder against the Obligations as it may see fit, and otherwise in accordance with the terms of the Loan Agreement, provided that the Lender shall only be liable to account for amounts actually received by it.

4.3 Discretion

The Lender shall not be bound to exercise any of its rights herein at any particular time, realize on the Pledged Collateral, be liable or responsible for any loss or damage which may accrue by reason of any action or failure to take action in respect of the Pledged Collateral or the realization thereof or for any inability to obtain the best or most favourable price for the ownership interests.

4.4 Remedies Not Exclusive

No remedy herein conferred upon or reserved to the Lender is intended to be exclusive of any other remedy, but each and every such remedy may be exercised independently or in combination and shall be in addition to every other right and remedy in favour of the Lender hereunder or now or hereafter existing at law, in equity or by statute or pursuant to any other Loan Document. No delay or omission by the Lender in exercising any remedy shall impair any such remedy or shall be construed to be a waiver of any default hereunder or acquiescence therein.

4.5 Nominee

The Lender may appoint a nominee to exercise all or any of the powers, rights, remedies and benefits of the Lender hereunder and such nominee shall be vested with all rights, remedies, powers, benefits, discretions, protection and relief of the Lender hereunder or pursuant to Applicable Law.

4.6 Waiver of Statutory Rights

To the extent not prohibited by Applicable Law, the Pledgor hereby waives its rights, if any, under all provisions of Applicable Law that would in any manner, limit, restrict or otherwise affect the Lender's rights and remedies hereunder or under any other Loan Document to which the Pledgor is a party or impose any additional obligations on the Lender. The Pledgor waives the right to receive any financing statement or verification statement relating to this Agreement.

4.7 PPSA Shall Govern

Notwithstanding anything herein to the contrary, to the extent that the provisions of the PPSA impose obligations upon or restrict the rights or remedies of the Lender herein provided which (a) have not been waived or varied by the Pledgor herein, whether expressly or by implication, or (b) have been waived or varied herein, but are, by the provisions of the PPSA, incapable of waiver or variance by the Pledgor, the provisions of the PPSA shall govern and the affected provisions hereof shall be deemed

to be amended to the extent necessary to give effect to the said provisions of the PPSA without in any way affecting any other provision or provisions herein.

4.8 Survival and Non-Merger

This Agreement shall not merge in any security or be taken to be a substitute for any Security Interest of any nature whatsoever held by or on behalf of the Lender for the Obligations. It is further agreed that the taking of this Agreement shall not operate as a merger of the remedies of the Lender for payment of the Obligations or the remedies of the Lender under any other Loan Document.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

The Pledgor represents and warrants to and in favour of the Lender that:

- (a) the Pledgor is the sole legal and beneficial owner of the Pledged Securities, free and clear of any Security Interests, voting trusts, proxies and other interests, claims or demands of every kind or nature whatsoever;
- (b) there are no restrictions on the transfer of the Pledged Collateral, except for such restrictions as have been waived;
- (c) the Pledgor will not make or consent to any amendment to the articles, bylaws, shareholders' agreement (if any) or any other constating or governing document, as applicable, of the Issuer which adversely changes any of the rights, privileges, restrictions or conditions attaching to the Pledged Securities or any other issued capital of the Issuer, except as provided in and permitted by the Loan Agreement;
- (d) no Person other than the Pledgor has any absolute or contingent agreement, option, right or privilege (including, without limitation, by law, pre-emptive right, contract or otherwise) to purchase, convert into, exchange for or otherwise acquire (including on one or more conversions, exchanges or payments of money or delivery of other consideration or any combination of the foregoing) the Pledged Collateral or any part thereof, nor any agreement, option, right or privilege capable of becoming any such agreement, right, option or privilege; and
- (e) the Pledgor will ensure that the terms of any interest in a partnership or limited liability company that, at any time, forms part of the Pledged Collateral will expressly provide that such interest is a "security" for the purposes of the *Securities Transfer Act* (Alberta).

ARTICLE 6 MISCELLANEOUS

6.1 Notice

Any notice or other communication hereunder shall be in writing and shall be given and governed in accordance with the terms of the Guarantee in respect of notices and other communications.

6.2 Expenses

The Pledgor shall forthwith reimburse the Lender for all reasonable expenses (including legal fees and expenses on a solicitor and its own client, full indemnity, basis) incurred by the Lender in connection with the preparation, perfection, execution, protection, enforcement of and advice with respect to this Agreement (including the realization, disposition, retention, protection or collection of the Pledged Collateral or any part thereof and the protection and enforcement of the rights of the Lender hereunder), and such expenses shall form part of the Obligations.

6.3 Time

Time shall be of the essence in this Agreement.

6.4 Further Assurances

The Pledgor agrees to do all acts and things and to make, execute and deliver all further agreements, instruments and other assurances as may reasonably be required by the Lender or reasonably recommended by its legal counsel as necessary or desirable to carry out and implement the provisions of this Agreement and/or to perfect, preserve and protect the Charge and the rights of the Lender hereunder.

6.5 Governing Law

This Agreement is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and of Canada applicable therein. There shall be no application of any conflict of laws or rules which would result in any laws other than internal laws in force in the Province of Alberta applying to this Agreement. The Pledgor hereby irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Agreement, or any of the transactions contemplated hereby, without prejudice to the rights of the Lender to take proceedings in other jurisdiction.

6.6 Invalidity

In the event that any term or provision of this Agreement shall, to any extent, be invalid or unenforceable, the remaining terms and provisions of this Agreement shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

6.7 Enurement

The Agreement and all its provisions shall enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Pledgor and its successors and permitted assigns.

6.8 No Waiver

No failure on the part of the Lender in exercising any right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy in law, by statute, equity or otherwise conferred. No waiver of any provision of this Agreement, including, without limitation, this Section, shall be effective otherwise than by an instrument in writing dated subsequent to the date hereof, executed by duly authorized representatives of the party purported to have given such waiver and then only for the particular instance for which it is so given.

6.9 Receipt of True Copy

The Pledgor hereby acknowledges receipt of an executed copy of this Agreement.

6.10 Paramountcy

In the event of any conflict, ambiguity or inconsistency between this Agreement and the Loan Agreement, the terms of the Loan Agreement shall govern and prevail to the extent necessary to remove the conflict, ambiguity or inconsistency.

6.11 Termination

The Pledgor and the Pledged Collateral shall not be discharged from the Charge or from this Agreement except by written release and discharge signed by the Lender or automatically upon all of the Obligations being indefeasibly repaid, paid, satisfied or discharged in full, as the case may be, and the cancellation of the Loan.

[signature page follows]

IN WITNESS WHEREOF the Pledgor has executed this Share Pledge as of the date and year first above written.

JASMINE VENTURES LTD.

Per: 
Name: Jesse Beaudry
Title: President

SCHEDULE "A"

FORM OF POWER OF ATTORNEY

[NTD: a separate POA will be required for each Share Certificate.]

Reference is made to [●] [common]/[preferred] shares (the "**Securities**") in the capital of Candre Cannabis Inc., a corporation incorporated under the laws of Alberta (the "**Issuer**") represented by certificates no(s). _____.

FOR VALUE RECEIVED, pursuant to the Share Pledge dated as of [●], 2018, as amended, amended and restated, modified, replaced, restated or supplemented from time to time, the undersigned hereby:

1. sells, assigns and transfers unto _____ the aforementioned Securities standing in the name of the undersigned on the books of the Issuer; and
2. irrevocably constitutes and appoints _____ the Attorney(s) of the undersigned to complete the foregoing transfer and/or any transfer on the transfer panel of the respective certificates representing such Securities and to transfer the said Securities on the books of the Issuer, with full power of substitution in the premises.

DATED effective this ____ day of _____.

[PLEDGOR]

Per: _____
Authorized Signatory

THIS IS **EXHIBIT "H"** REFERRED TO IN THE
AFFIDAVIT OF SVEINUNG SVARTE.

SWORN BEFORE ME THIS 27TH DAY OF
FEBRUARY, 2023.


A Commissioner for Oaths
in and for the Province of Alberta

David LeGeyt
Barrister & Solicitor

Search ID #: Z15747559

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

1200, 10123 99 st NW
EDMONTON, AB T5J 3H1Party Code: 50073881
Phone #: 780 429 5969
Reference #:

Search ID #: Z15747559

Date of Search: 2023-Jan-11

Time of Search: 11:14:01

Business Debtor Search For:

CANDRE CANNABIS INC

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID #: Z15747559

Business Debtor Search For:

CANDRE CANNABIS INC

Search ID #: Z15747559

Date of Search: 2023-Jan-11

Time of Search: 11:14:01

Registration Number: 18050237348

Registration Date: 2018-May-02

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2028-May-02 23:59:59

Exact Match on:

Debtor

No: 1

Debtor(s)**Block****Status**

Current

1 CANDRE CANNABIS INC.
202, 279 MIDPARK WAY SE
CALGARY, AB T2X 1M2

Secured Party / Parties**Block****Status**

Current

1 ENZIO HOLDINGS LTD.
840, 517 - 10 AVENUE SW
CALGARY, AB T2R 0A8

Collateral: General**Block****Description****Status**

Current

1 All of the debtor's present and after-acquired personal property.

Search ID #: Z15747559

Business Debtor Search For:

CANDRE CANNABIS INC

Search ID #: Z15747559

Date of Search: 2023-Jan-11

Time of Search: 11:14:01

Registration Number: 18050237351

Registration Date: 2018-May-02

Registration Type: LAND CHARGE

Registration Status: Current

Registration Term: Infinity

Exact Match on:

Debtor

No: 1

Debtor(s)**Block****Status**

Current

1 CANDRE CANNABIS INC.
202, 279 MIDPARK WAY SE
CALGARY, AB T2X 1M2

Secured Party / Parties**Block****Status**

Current

1 ENZIO HOLDINGS LTD.
840, 517 - 10 AVENUE SW
CALGARY, AB T2R 0A8

Search ID #: Z15747559

Business Debtor Search For:

CANDRE CANNABIS INC

Search ID #: Z15747559

Date of Search: 2023-Jan-11

Time of Search: 11:14:01

Registration Number: 19120223289

Registration Type: LAND CHARGE

Registration Date: 2019-Dec-02

Registration Status: Current

Registration Term: Infinity

Exact Match on:

Debtor

No: 1

Debtor(s)**Block****Status**

Current

1 CANDRE CANNABIS INC.
#202, 279 MIDPARK WAY SE
CALGARY, AB T2X 1M2

Secured Party / Parties**Block****Status**

Current

1 CENSEO CAPITAL CORP.
SUITE 840, 517-10TH AVENUE S.W.
CALGARY, AB T2R 0A8
Email: info@censeocapitalcorp.com

Search ID #: Z15747559

Business Debtor Search For:

CANDRE CANNABIS INC

Search ID #: Z15747559

Date of Search: 2023-Jan-11

Time of Search: 11:14:01

Registration Number: 20041426226

Registration Date: 2020-Apr-14

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2025-Apr-14 23:59:59

Exact Match on:

Debtor

No: 1

Amendments to Registration

21020518714

Amendment

2021-Feb-05

Debtor(s)**Block****Status**

Current

1 CANDRE CANNABIS INC.
279 MIDPARK WAY SE, SUITE 202
CALGARY, AB T2X 1M2

Secured Party / Parties**Block****Status**

Current

1 BANK OF MONTREAL/BANQUE DE MONTREAL
250 YONGE STREET, 9TH FLOOR
TORONTO, ON M5B 2L7
Email: abautonsp@teranet.ca

Collateral: General**Block****Description****Status**

1 LF269 Collateral described as Variable Rate Guaranteed

Current

2 Investment Certificate in the amount of \$30,000.00 for

Current

3 Corporate Card at PPR held in # 2499-9796-898 Proceeds - all

Current

4 present and after-acquired property.

Current

5 LF269-

Current By
21020518714

6 COLLATERAL DESCRIBED AS BMO term investment No. 00062586925 IN

Current By
21020518714

Search ID #: Z15747559

7 THE PRINCIPAL AMOUNT OF \$20,000.00

Current By
21020518714

8 PROCEEDS - ALL PRESENT AND AFTER ACQUIRED PROPERTY.

Current By
21020518714

Search ID #: Z15747559

Business Debtor Search For:

CANDRE CANNABIS INC

Search ID #: Z15747559

Date of Search: 2023-Jan-11

Time of Search: 11:14:01

Registration Number: 20042828994

Registration Type: SECURITY AGREEMENT

Registration Date: 2020-Apr-28

Registration Status: Current

Expiry Date: 2024-Apr-28 23:59:59

Exact Match on:

Debtor

No: 1

Amendments to Registration

22011811912

Amendment

2022-Jan-18

Debtor(s)**Block****Status**

Current

1 CANDRE CANNABIS INC
202 279 MIDPARK WAY SE
CALGARY, AB T2X 1M2

Secured Party / Parties**Block****Status**

Deleted by
22011811912

1 LEAVITT MACHINERY GENERAL PARTNERSHIP
24389 FRASER HWY
LANGLEY, BC V2Z 2L3
Email: abautonsp@teranet.ca

Block**Status**

Current by
22011811912

2 LEAVITT MACHINERY CANADA INC.
24389 FRASER HWY
LANGLEY, BC V2Z 2L3
Email: abautonsp@teranet.ca

Collateral: Serial Number Goods**Block****Serial Number****Year****Make and Model****Category****Status**

1 TM16E11190700050 2020 SNORKEL TM16E MV - Motor Vehicle Current

Search ID #: Z15747559

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	From the collateral, all proceeds including accounts, money,	Current
2	chattel, paper, intangibles, goods, documents of title,	Current
3	licenses, instruments, securities, substitutions, trade-ins,	Current
4	insurance proceeds, and other form of proceeds.	Current

Search ID #: Z15747559

Business Debtor Search For:

CANDRE CANNABIS INC

Search ID #: Z15747559

Date of Search: 2023-Jan-11

Time of Search: 11:14:01

Registration Number: 20070731629

Registration Date: 2020-Jul-07

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2025-Jul-07 23:59:59

Exact Match on: Debtor No: 1

Exact Match on: Debtor No: 2

Amendments to Registration

22011812921

Amendment

2022-Jan-18

Debtor(s)**Block****Status**

1 CANDRE CANNABIS INC
819 5TH AVENUE SW
SUNDRE, AB T0M 1X0

Current

Block**Status**

2 CANDRE CANNABIS INC
"202 279 MIDPARK WAY SE
CALGARY, AB T2X 1M2

Current

Secured Party / Parties**Block****Status**

1 LEAVITT MACHINERY GENERAL PARTNERSHIP
24389 FRASER HWY
LANGLEY, BC V2Z 2L3
Email: abautonsp@teranet.ca

Deleted by
22011812921**Block****Status**

2 LEAVITT MACHINERY CANADA INC.
24389 FRASER HWY
LANGLEY, BC V2Z 2L3
Email: abautonsp@teranet.ca

Current by
22011812921

Search ID #: Z15747559

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	TM16E11200200087	2020	SNORKEL TM16E	MV - Motor Vehicle	Current
2	TM16E11200200084	2020	SNORKEL TM16E	MV - Motor Vehicle	Current
3	TM16E11190700051	2020	SNORKEL TM16E	MV - Motor Vehicle	Current
4	TM16E11190700052	2020	SNORKEL TM16E	MV - Motor Vehicle	Current
5	TM16E11200200086	2020	SNORKEL TM16E	MV - Motor Vehicle	Current

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	From the collateral, all proceeds including accounts, money,	Current
2	chattel, paper, intangibles, goods, documents of title,	Current
3	licenses, instruments, securities, substitutions, trade-ins,	Current
4	insurance proceeds, and other form of proceeds.	Current

Search ID #: Z15747559

Business Debtor Search For:

CANDRE CANNABIS INC

Search ID #: Z15747559

Date of Search: 2023-Jan-11

Time of Search: 11:14:01

Registration Number: 22011919137

Registration Type: SECURITY AGREEMENT

Registration Date: 2022-Jan-19

Registration Status: Current

Expiry Date: 2028-Jan-19 23:59:59

Exact Match on:

Debtor

No: 1

Debtor(s)**Block****Status**

1 CANDRE CANNABIS INC
819 5TH AVENUE SW
SUNDRE, AB T0M 1X0

Current

Secured Party / Parties**Block****Status**

1 LEAVITT MACHINERY CANADA INC.
24389 FRASER HWY
LANGLEY, BC V2Z 2L3
Email: abautonsp@teranet.ca

Current

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	TM16E11200200084	2020	SNORKEL TM16E	MV - Motor Vehicle	Current
2	TM16E11190700051	2019	SNORKEL TM16E	MV - Motor Vehicle	Current
3	TM16E11190700052	2019	SNORKEL TM16E	MV - Motor Vehicle	Current
4	TM16E11200200086	2020	SNORKEL TM16E	MV - Motor Vehicle	Current

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	From the collateral, all proceeds including accounts, money,	Current
2	chattel, paper, intangibles, goods, documents of title,	Current
3	licenses, instruments, securities, substitutions, trade-ins,	Current
4	insurance proceeds, and other form of proceeds.	Current

Search ID #: Z15747559

Result Complete

Search ID #: Z15747567

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

1200, 10123 99 st NW
EDMONTON, AB T5J 3H1Party Code: 50073881
Phone #: 780 429 5969
Reference #:

Search ID #: Z15747567

Date of Search: 2023-Jan-11

Time of Search: 11:14:36

Business Debtor Search For:

CALYPTRA CULTIVATION INC.

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID #: Z15747567

Business Debtor Search For:

CALYPTRA CULTIVATION INC.

Search ID #: Z15747567

Date of Search: 2023-Jan-11

Time of Search: 11:14:36

Registration Number: 18050237374

Registration Type: SECURITY AGREEMENT

Registration Date: 2018-May-02

Registration Status: Current

Expiry Date: 2028-May-02 23:59:59

Exact Match on:

Debtor

No: 1

Debtor(s)**Block****Status**

1 CALYPTRA CULTIVATION INC.
202, 279 MIDPARK WAY SE
CALGARY, AB T2X 1M2

Current

Secured Party / Parties**Block****Status**

1 ENZIO HOLDINGS LTD.
840, 517 - 10 AVENUE SW
CALGARY, AB T2R 0A8

Current

Collateral: General**Block****Description****Status**

1 All of the debtor's present and after-acquired personal property.

Current

Search ID #: Z15747567

Business Debtor Search For:

CALYPTRA CULTIVATION INC.

Search ID #: Z15747567

Date of Search: 2023-Jan-11

Time of Search: 11:14:36

Registration Number: 18050237394

Registration Date: 2018-May-02

Registration Type: LAND CHARGE

Registration Status: Current

Registration Term: Infinity

Exact Match on:

Debtor

No: 1

Debtor(s)**Block****Status**

Current

1 CALYPTRA CULTIVATION INC.
202, 279 MIDPARK WAY SE
CALGARY, AB T2X 1M2

Secured Party / Parties**Block****Status**

Current

1 ENZIO HOLDINGS LTD.
840, 517 - 10 AVENUE SW
CALGARY, AB T2R 0A8

Result Complete

Search ID #: Z15747583

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

1200, 10123 99 st NW
EDMONTON, AB T5J 3H1Party Code: 50073881
Phone #: 780 429 5969
Reference #:

Search ID #: Z15747583

Date of Search: 2023-Jan-11

Time of Search: 11:15:23

Business Debtor Search For:

FRONDIS HOLDINGS LTD.

Both Exact and Inexact Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID #: Z15747583

Business Debtor Search For:

FRONDIS HOLDINGS LTD.

Search ID #: Z15747583

Date of Search: 2023-Jan-11

Time of Search: 11:15:23

Registration Number: 18050415927

Registration Date: 2018-May-04

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2028-May-04 23:59:59

Exact Match on:

Debtor

No: 1

Debtor(s)**Block****Status**

Current

1 FRONDIS HOLDINGS LTD.
2400, 525 - 8 AVENUE SW
CALGARY, AB T2P 1G1

Secured Party / Parties**Block****Status**

Current

1 ENZIO HOLDINGS LTD.
840, 517 - 10 AVENUE SW
CALGARY, AB T2R 0A8

Search ID #: Z15747583

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	<p>All of the debtor's right, title and interest in and to all present and future:</p> <p>(1) investment property of the debtor including, without limitation, all shares in the capital stock of Candre Cannabis Inc. (collectively, the "pledged shares"), all security certificates, if any, and other instruments evidencing or representing the pledged shares and all dividends, interest, distributions, cash, instruments and other property, income, profits and proceeds from time to time received or receivable upon or otherwise distributed or distributable in respect of or in exchange for any and all of the pledge shares;</p> <p>(2) additional or substitute investment property including all additional or substitute shares of capital stock or other equity interests of any class of any issuer from time to time issued to or otherwise acquired by the debtor in any manner in respect of the pledged shares, the security certificates, if any, and other instruments evidencing or representing such additional or substitute investment property and all dividends, interest, distributions, cash, instruments and other property, income, profits and proceeds from time to time received or receivable upon or otherwise distributed or distributable in respect of or in exchange for any and all such additional or substitute investment property; and</p> <p>Proceeds: goods, chattel paper, instruments, documents of title, investment property, money and intangibles.</p>	Current

Search ID #: Z15747583

Note:

The following is a list of matches closely approximating your Search Criteria,
which is included for your convenience and protection.

Debtor Name / Address

FRANDA HOLDINGS LTD.
BOX 67
MANNING, AB T0H 2M0

Reg.#

14040834571

SECURITY AGREEMENT**Debtor Name / Address**

FRANDA HOLDINGS LTD.
BOX 67
MANNING, AB T0H2M0

Reg.#

19052127162

SECURITY AGREEMENT

Result Complete

Search ID #: Z15747590

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

1200, 10123 99 st NW
EDMONTON, AB T5J 3H1Party Code: 50073881
Phone #: 780 429 5969
Reference #:

Search ID #: Z15747590

Date of Search: 2023-Jan-11

Time of Search: 11:16:01

Business Debtor Search For:

JASMINE VENTURES LTD.

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID #: Z15747590

Business Debtor Search For:

JASMINE VENTURES LTD.

Search ID #: Z15747590

Date of Search: 2023-Jan-11

Time of Search: 11:16:01

Registration Number: 18050415971

Registration Type: SECURITY AGREEMENT

Registration Date: 2018-May-04

Registration Status: Current

Expiry Date: 2028-May-04 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)**Block****Status**

Current

1 JASMINE VENTURES LTD.
501 CHAPARRAL DRIVE SE
CALGARY, AB T2X 3W2

Secured Party / Parties**Block****Status**

Current

1 ENZIO HOLDINGS LTD.
840, 517 - 10 AVENUE SW
CALGARY, AB T2R 0A8

Collateral: General**Block****Description****Status**

1 All of the debtor's right, title and interest in and to all present and future:

Current

(1) investment property of the debtor including, without limitation, all shares in the capital stock of Candre Cannabis Inc. (collectively, the "pledged shares"), all security certificates, if any, and other instruments evidencing or representing the pledged shares and all dividends, interest, distributions, cash, instruments and other property, income, profits and proceeds from time to time received or receivable upon or otherwise distributed or distributable in respect of or in exchange for any and all of the pledge shares;

(2) additional or substitute investment property including all additional or substitute shares of capital stock or other equity interests of any class of any issuer from time to time issued to or otherwise acquired by the debtor in any manner in respect of the pledged shares, the security certificates, if any, and other instruments evidencing or representing such additional or substitute investment property and all dividends, interest, distributions, cash, instruments and other property, income, profits and proceeds from time to time received or receivable upon or otherwise distributed or distributable in respect of or in exchange for any and all such additional or substitute investment property; and

Proceeds: goods, chattel paper, instruments, documents of title, investment property, money and intangibles.

Search ID #: Z15747590

Result Complete

THIS IS **EXHIBIT "I"** REFERRED TO IN THE
AFFIDAVIT OF SVEINUNG SVARTE.

SWORN BEFORE ME THIS 27TH DAY OF
FEBRUARY, 2023.



A Commissioner for Oaths
in and for the Province of Alberta

David LeGeyt
Barrister & Solicitor



LAND TITLE CERTIFICATE

S
LINC SHORT LEGAL TITLE NUMBER
0037 937 109 1810863;3;8 181 106 563

LEGAL DESCRIPTION
PLAN 1810863
BLOCK 3
LOT 8
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.936 HECTARES (2.31 ACRES) MORE OR LESS

ESTATE: FEE SIMPLE
ATS REFERENCE: 5;5;32;33;NW

MUNICIPALITY: TOWN OF SUNDRE

REFERENCE NUMBER: 181 081 222

REGISTERED OWNER(S)
REGISTRATION DATE(DMY) DOCUMENT TYPE VALUE CONSIDERATION

181 106 563 25/05/2018 TRANSFER OF LAND \$582,597 \$582,597

OWNERS

CANDRE CANNABIS INC.
OF 202, 279 MIDPARK WAY SE
CALGARY
ALBERTA T2X 1N2

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION
NUMBER DATE (D/M/Y) PARTICULARS

901 063 085 08/03/1990 UTILITY RIGHT OF WAY
 GRANTEE - THE TOWN OF SUNDRE.
 AS TO PORTION OR PLAN:8910921

181 106 564 25/05/2018 MORTGAGE
 MORTGAGEE - ENZIO HOLDINGS LTD.
 840, 517 - 10 AVENUE SW
 CALGARY

(CONTINUED)

REGISTRATION

181 106 563

NUMBER	DATE (D/M/Y)	PARTICULARS
--------	--------------	-------------

ALBERTA T2R0A8

ORIGINAL PRINCIPAL AMOUNT: \$580,332

(DATA UPDATED BY: TRANSFER OF MORTGAGE
221099593)

181 106 565 25/05/2018 MORTGAGE

MORTGAGEE - ENZIO HOLDINGS LTD.

840, 517 - 10 AVENUE SW

CALGARY

ALBERTA T2R0A8

ORIGINAL PRINCIPAL AMOUNT: \$25,000,000

181 257 074 27/11/2018 BUILDER'S LIEN

LIENOR - PARAMOUNT STRUCTURES INC.

SUITE 750,101 6TH AVE SW

CALGARY

ALBERTA T2P3P4

AGENT - LIEN PRO INC.

AMOUNT: \$680,613

181 264 825 07/12/2018 BUILDER'S LIEN

LIENOR - MOLI INDUSTRIES LTD.

1880 CENTRE AVE NE

CALGARY

ALBERTA T2E0A6

AMOUNT: \$695,561

191 000 650 02/01/2019 CERTIFICATE OF LIS PENDENS

AFFECTS INSTRUMENT: 181264825

191 002 481 04/01/2019 CAVEAT

RE : UTILITY RIGHT OF WAY

CAVEATOR - FORTISALBERTA INC.

320-17 AVE SW

CALGARY

ALBERTA T2S2V1

AGENT - MARK HAMEISTER.

191 095 749 22/05/2019 CERTIFICATE OF LIS PENDENS

AFFECTS INSTRUMENT: 181257074

211 093 439 11/05/2021 CAVEAT

RE : AMENDING AGREEMENT

CAVEATOR - ENZIO HOLDINGS LTD.

840, 517 - 10 AVENUE SW

CALGARY

ALBERTA T2R0A8

(DATA UPDATED BY: TRANSFER OF CAVEAT
221099594)

(CONTINUED)

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
--------	--------------	-------------

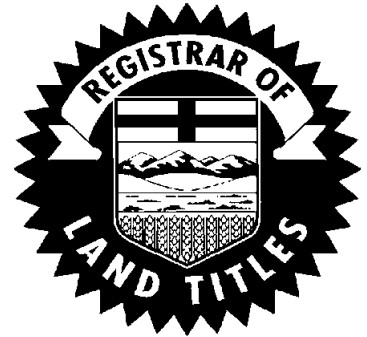
211 251 992	16/12/2021	CAVEAT RE : AMENDING AGREEMENT CAVEATOR - ENZIO HOLDINGS LTD. 840, 517 - 10 AVENUE SW CALGARY ALBERTA T2R0A8 (DATA UPDATED BY: TRANSFER OF CAVEAT 221099594)
-------------	------------	---

TOTAL INSTRUMENTS: 010

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN
ACCURATE REPRODUCTION OF THE CERTIFICATE OF
TITLE REPRESENTED HEREIN THIS 23 DAY OF
FEBRUARY, 2023 AT 01:29 P.M.

ORDER NUMBER: 46563243

CUSTOMER FILE NUMBER:



END OF CERTIFICATE

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED
FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER,
SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION,
APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS
PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING
OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).

THIS IS **EXHIBIT "J"** REFERRED TO IN THE
AFFIDAVIT OF SVEINUNG SVARTE.

SWORN BEFORE ME THIS 27TH DAY OF
FEBRUARY, 2023.



A Commissioner for Oaths
in and for the Province of Alberta

David LeGeyt
Barrister & Solicitor

Reply to: David LeGeyt
Direct Phone: (403) 260-0210
Direct Fax: (403) 260-0332
dlegeyt@bdplaw.com

Assistant: Annie Gillis-Tapp
Direct Phone: (403) 267-1611
Our File: 75684-2

Via Registered Mail & E-Mail (jbeaudry@candrecannabis.com)

January 19, 2023

Candre Cannabis Inc.
PO Box 251
819 5th Avenue SW
Sundre, AB T0M 1X0

Candre Cannabis Inc.
PO Box 12119 RPO Copperfield
Calgary, AB T2Z 1H4

Candre Cannabis Inc.
Suite 840, 517 – 10 Avenue SW
Calgary, Alberta T2R 0A8

Attention: Jesse Beaudry, President and CEO

Re: Enzo Holdings Ltd. ("Enzio"), secured lender to Candre Cannabis Inc. ("Candre" or the "Borrower")

We are counsel to Enzo in connection with the following agreements entered between Enzo as lender and Candre as borrower:

- Amended and Restated Loan Agreement, dated November 12, 2019, evidencing a loan in the original principal amount of Cdn. \$18,600,000, as amended by each of the following:
 - First Letter Amending Agreement, dated June 30, 2020;
 - Second Letter Amending Agreement, dated December 31, 2020; and
 - Third Letter Amending Agreement, dated January 1, 2022,

(as so amended, the "**Loan Agreement**").

Reference is also made to the security agreements, mortgages, and other security interests granted by Candre to Enzo in connection with the Loan Agreement (collectively the "**Security**").

Candre is in default of its obligations under the Loan Agreement and the Security. Specifically, Candre has failed to make payments to Enzo when due under the Loan Agreement, and the same constitutes an Event of Default as defined under the Loan Agreement (the "**Default**"). As a result of the Default, Enzo is entitled to, and hereby does, declare that all amounts owing to Enzo under the Loan Agreement are immediately due and payable to Enzo.

On behalf of Enzo, we hereby demand repayment of all amounts due and owing by Candre to Enzo under the Loan Agreements, being Cdn. \$23,112,000 as of January 1, 2023, plus all accrued and accruing interest and legal costs on a solicitor and own client full indemnity basis (the "**Indebtedness**").

13146227.2

Please note that the Indebtedness will continue to accrue interest at the rates agreed to, and costs and expenses will continue to be incurred by Enzo for which you will be responsible, until payment of all amounts owing is received by either certified cheque or bank draft at the following address:

Enzio Holdings Ltd.
c/o Burnet, Duckworth & Palmer LLP
2400, 525 – 8th Avenue SW
Calgary, Alberta
T2P 1G1

Attention: David LeGeyt

Please note that demands will also be issued to the guarantors of the Indebtedness.

If full payment, as set forth above, is not received by close of business on January 31, 2023, Enzo will take whatever steps it deems appropriate to seek repayment of the said amount. To this end, we enclose for service upon you a Notice of Intention to Enforce Security (an "NOI") in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada). If you are prepared to waive the ten-day notice period, please endorse the Consent and Waiver located on page 2 of the NOI and return to the undersigned.

Please note that Enzo reserves the right to proceed against you: (i) prior to the time stipulated above in the event that it determines that its position has been further jeopardized; and (ii) anytime, or from time to time after any dates stipulated above have passed, and in either case without the necessity of serving a new demand for payment.

If you have any questions, please contact the undersigned.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP



David LeGeyt
Partner

DLG/agt
Enclosure

FORM 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada) and Rule 124)

To: Candre Cannabis Inc. (the "**Debtor**").

TAKE NOTICE THAT:

1. Enzo Holdings Ltd. ("**Enzio**"), a secured creditor of the Debtor, intends to enforce its security on the property of the Debtor as set out below:
 - (a) all present and after-acquired real and personal property, assets and undertaking of the Debtor, including but not limited to:
 - (i) all the property and assets, rights and things of the Debtor both present and future, legal or equitable, of which the Debtor may be possessed or to which it may be entitled or which may hereafter be acquired by the Debtor, including all its right, tide, estate and interest in and to any and all real, personal or mixed property, now owned or hereafter acquired by the Debtor, and all its present and future revenues, incomes, moneys, rights, franchises, goods, wares, merchandise, inventories, materials, supplies, book debts, accounts and accounts receivable, negotiable and non-negotiable instruments, judgments, investment property, choses in action, chattel paper, shares and investments, and all other property and things of value of every kind and nature, tangible or intangible, legal or equitable and all proceeds and all products of, and all accessions to, any of the foregoing;
 - (ii) all shares in the capital of the Calyptra Cultivation Inc. ("**Calyptra**") held by the Debtor and all share certificate(s) representing such shares, including but not limited to, 1 Class A common share and share certificate number A-01 representing such share (the "**Pledged Securities**"); all other shares and rights in the capital of the Calyptra held by the Debtor and all other investment property issued by Calyptra whether in the form of debt, equity, options, warrants or other convertible securities, which are, will or may by any series of transactions be converted into shares in the capital of Calyptra held by the Debtor; all dividends (whether cash or non-cash), payments, entitlements and other distributions (including share redemption proceeds), in respect of or in exchange for the Pledged Securities, or any part thereof, and all shares or other investment property into which the Pledged Securities may be converted whether by way of amalgamation, arrangement, or other corporate reorganization or resulting from any subdivision or consolidation of the Pledged Securities; and all replacements and substitutions for the foregoing, all certificates and other instruments representing or evidencing the foregoing, all proceeds and other property received or receivable in respect thereof, and all rights and claims of the Debtor in respect of same;

(iii) lands legally described as:

PLAN 1810863
BLOCK 3
LOT 8
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.936 HECTARES (2.31 ACRES) MORE OR LESS

PLAN 8910920
LOT 27
CONTAINING 8.66 HECTARES (21.4 ACRES) MORE OR LESS

EXCEPTING THEREOUT: HECATRES (ACRES) MORE OR LESS

A) PLAN 0211870 – SUBDIVISION	2.35	5.81
B) PLAN 1310317 – SUBDIVISION	2.45	6.05
C) PLAN 1312458 – SUBDIVISION	0.493	1.22
D) PLAN 1510096 – SUBDIVISION	0.302	0.746
E) PLAN 1511621 – SUBDIVISION	0.604	1.49
F) PLAN 1810863 – SUBDIVISION	0.936	2.313

EXCEPTING THEREOUT ALL MINES AND MINERALS

PLAN 0214333
BLOCK 3
LOT 1
CONTAINING 2 HECTARES (4.94 ACRES) MORE OR LESS
EXCEPTING THEREOUT:

PLAN NUMBER	HECTARES	(ACRES) MORE OR LESS
ROAD 1512635	0.019	0.05

EXCEPTING THEREOUT ALL MINES AND MINERALS

(b) all proceeds of the foregoing collateral.

2. The security to be enforced is in the form of:

- (a) General Security Agreement dated May 11, 2018 (as confirmed from time to time);
- (b) Share Pledge dated May 11, 2018 in respect of shares held by the Debtor in Calyptra Cultivation Inc.;
- (c) Assignment of Material Contracts dated May 11, 2018, as amended by a First Amendment to Assignment of Material Contracts dated November 12, 2019;
- (d) Collateral Mortgage; and
- (e) Mortgage dated May 10, 2018, as amended by a Mortgage Amending Agreement dated December 31, 2020 and a Mortgage Amending Agreement dated August 30, 2021, granted in

favour of Strathmore Lakes Estates Ltd., as mortgagee, and assigned by Strathmore Lakes Estates Ltd. (as assignor) to Enzo (as assignee) pursuant to an Assignment of Indebtedness and Security Agreement dated as of February 3, 2022,

(collectively, the "**Security**").

3. The total amount of indebtedness secured by the Security is, as of January 1, 2023, the sum of Cdn. \$23,112,000.00 plus all accrued and accruing interest and legal costs.

Enzo will not have the right to enforce its Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

DATED at the City of Calgary, in the Province of Alberta, this 19th day of January, 2023.

BURNET, DUCKWORTH & PALMER LLP,
solicitors and agents for Enzo Holdings Ltd.

Per: 

David LeGeyt

CONSENT AND WAIVER**THE UNDERSIGNED** hereby:

Acknowledges receipt of the Notice of Intention to Enforce Security;

Waives the ten days of notice required under section 244 of the *Bankruptcy and Insolvency Act* (Canada); and

Consents to the immediate enforcement by Enzo Holdings Ltd. of the Security referred to herein.

DATED this _____ day of January, 2023.**CANDRE CANNABIS INC.**

Per: _____

Name:

Title:

Reply to: David LeGeyt
Direct Phone: (403) 260-0210
Direct Fax: (403) 260-0332
dlegeyt@bdplaw.com

Assistant: Annie Gillis-Tapp
Direct Phone: (403) 267-1611
Our File: 75684-2

Hand Delivery & Via E-Mail (jbeaudry@candrecannabis.com / cores@bdplaw.com)

January 19, 2023

Calyptra Cultivation Inc.
c/o Lindsay Cox, Agent for Service
Burnet, Duckworth & Palmer LLP
2400, 525 8th Avenue SW
Calgary, AB T2P1G1

Attention: Jesse Beaudry, Director

Re: Enzo Holdings Ltd. ("Enzio"), secured lender to Candre Cannabis Inc. ("Candre" or the "Borrower")

We are counsel to Enzo in connection with the following agreements entered between Enzo as lender and Candre as borrower:

- Amended and Restated Loan Agreement, dated November 12, 2019, evidencing a loan in the original principal amount of Cdn. \$18,600,000, as amended by each of the following:
 - First Letter Amending Agreement, dated June 30, 2020;
 - Second Letter Amending Agreement, dated December 31, 2020; and
 - Third Letter Amending Agreement, dated January 1, 2022,

(as so amended, the "**Loan Agreement**").

Reference is also made to the security agreements, mortgages, and other security interests granted by Candre to Enzo in connection with the Loan Agreement (collectively the "**Security**").

In connection with the amounts owing by the Borrower, you have provided a guarantee dated May 11, 2018 in favour of Enzo with respect to the amounts owing by the Borrower under the Loan Agreement (the "**Guarantee**"). In support of your obligations under the Guarantee, you have provided a General Security Agreement dated May 11, 2018 (the "**Guarantor Security**").

Candre is in default of its obligations under the Loan Agreement and the Security. Specifically, Candre has failed to make payments to Enzo when due under the Loan Agreement, and the same constitutes an Event of Default as defined under the Loan Agreement (the "**Default**"). As a result of the Default, Enzo is entitled to, and hereby

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does, declare that all amounts owing to Enzo under the Loan Agreement are immediately due and payable to Enzo.

On behalf of Enzo, we hereby demand repayment of all amounts due and owing by you to Enzo under the Guarantee, being Cdn. \$23,112,000.00 as of January 1, 2023, plus all accrued and accruing interest and legal costs on a solicitor and own client full indemnity basis (the "**Indebtedness**").

Please note that the Indebtedness will continue to accrue interest at the rates agreed to, and costs and expenses will continue to be incurred by Enzo for which you will be responsible, until payment of all amounts owing is received by either certified cheque or bank draft at the following address:

Enzo Holdings Ltd.
c/o Burnet, Duckworth & Palmer LLP
2400, 525 – 8th Avenue SW
Calgary, Alberta
T2P 1G1

Attention: David LeGeyt

Please note that demands will also be issued to the guarantors of the Indebtedness.

If full payment, as set forth above, is not received by close of business on January 31, 2023, Enzo will take whatever steps it deems appropriate to seek repayment of the said amount. To this end, we enclose for service upon you a Notice of Intention to Enforce Security (an "**NOI**") in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada). If you are prepared to waive the ten-day notice period, please endorse the Consent and Waiver located on page 2 of the NOI and return to the undersigned.

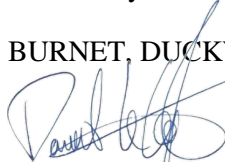
For your information, demands will be issued on the other guarantor in respect of the Indebtedness.

Please note that Enzo reserves the right to proceed against you: (i) prior to the time stipulated above in the event that it determines that its position has been further jeopardized; and (ii) anytime, or from time to time after any dates stipulated above have passed, and in either case without the necessity of serving a new demand for payment.

If you have any questions, please contact the undersigned.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP



David LeGeyt
Partner

DLG/agt
Enclosure

FORM 86**NOTICE OF INTENTION TO ENFORCE SECURITY**

(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada) and Rule 124)

To: Calyptra Cultivation Inc. (the "**Debtor**").

TAKE NOTICE THAT:

1. Enzo Holdings Ltd. ("**Enzio**"), a secured creditor of the Debtor, intends to enforce its security on the property of the Debtor as set out below:
 - (a) all present and after-acquired real and personal property, assets and undertaking of the Debtor, including but not limited to:
 - (i) all the property and assets, rights and things of the Debtor both present and future, legal or equitable, of which the Debtor may be possessed or to which it may be entitled or which may hereafter be acquired by the Debtor, including all its right, tide, estate and interest in and to any and all real, personal or mixed property, now owned or hereafter acquired by the Debtor, and all its present and future revenues, incomes, moneys, rights, franchises, goods, wares, merchandise, inventories, materials, supplies, book debts, accounts and accounts receivable, negotiable and non-negotiable instruments, judgments, investment property, choses in action, chattel paper, shares and investments, and all other property and things of value of every kind and nature, tangible or intangible, legal or equitable and all proceeds and all products of, and all accessions to, any of the foregoing; and
 - (b) all proceeds of the foregoing collateral.
2. The security to be enforced is in the form of:
 - (a) General Security Agreement dated May 11, 2018 (as confirmed from time to time),
 (collectively, the "**Security**").
3. The total amount of indebtedness secured by the Security is, as of January 1, 2023, the sum of Cdn. \$23,112,000.00, plus all accrued and accruing interest and legal costs.

Enzio will not have the right to enforce its Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

DATED at the City of Calgary, in the Province of Alberta, this 19th day of January, 2023.

BURNET, DUCKWORTH & PALMER LLP,
solicitors and agents for Enzio Holdings Ltd.

Per: 

David LeGeyt

CONSENT AND WAIVER**THE UNDERSIGNED** hereby:

Acknowledges receipt of the Notice of Intention to Enforce Security;

Waives the ten days of notice required under section 244 of the *Bankruptcy and Insolvency Act* (Canada); and

Consents to the immediate enforcement by Enzo Holdings Ltd. of the Security referred to herein.

DATED this _____ day of January, 2023.**CALYPTRA CULTIVATION INC.**

Per: _____

Name:

Title:

Reply to: David LeGeyt
Direct Phone: (403) 260-0210
Direct Fax: (403) 260-0332
dlegeyt@bdplaw.com

Assistant: Annie Gillis-Tapp
Direct Phone: (403) 267-1611
Our File: 75684-2

Hand Delivery & Via E-Mail (ssvarte@censeocapitalcorp.com / cores@bdplaw.com)

January 19, 2023

Frondis Holdings Ltd.
c/o Lindsay Cox, Agent for Service
2400, 525 8th Avenue SW
Calgary, AB T2P 1G1

Attention: Sveinung Svarte

Re: Enzo Holdings Ltd. ("Enzio"), secured lender to Candre Cannabis Inc. ("Candre" or the "Borrower")

We are counsel to Enzo in connection with the following agreements entered between Enzo as lender and Candre as borrower:

- Amended and Restated Loan Agreement, dated November 12, 2019, evidencing a loan in the original principal amount of Cdn. \$18,600,000, as amended by each of the following:
 - First Letter Amending Agreement, dated June 30, 2020;
 - Second Letter Amending Agreement, dated December 31, 2020; and
 - Third Letter Amending Agreement, dated January 1, 2022,

(as so amended, the "**Loan Agreement**").

Reference is also made to the security agreements, mortgages, and other security interests granted by Candre to Enzo in connection with the Loan Agreement (collectively the "**Security**").

In connection with the amounts owing by the Borrower, you have provided a limited recourse guarantee dated May 11, 2018 in favour of Enzo with respect to the amounts owing by the Borrower under the Loan Agreement (the "**Guarantee**"). In support of your obligations under the Guarantee, you have provided a share pledge dated May 11, 2018 (the "**Guarantor Security**").

Candre is in default of its obligations under the Loan Agreement and the Security. Specifically, Candre has failed to make payments to Enzo when due under the Loan Agreement, and the same constitutes an Event of Default as defined under the Loan Agreement (the "**Default**"). As a result of the Default, Enzo is entitled to, and hereby

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does, declare that all amounts owing to Enzo under the Loan Agreement are immediately due and payable to Enzo.

On behalf of Enzo, we hereby demand repayment of all amounts due and owing by you to Enzo under the Guarantee, being Cdn. \$23,112,000.00 as of January 1, 2023, plus all accrued and accruing interest and legal costs on a solicitor and own client full indemnity basis (the "**Indebtedness**").

Please note that the Indebtedness will continue to accrue interest at the rates agreed to, and costs and expenses will continue to be incurred by Enzo for which you will be responsible, until payment of all amounts owing is received by either certified cheque or bank draft at the following address:

Enzo Holdings Ltd.
c/o Burnet, Duckworth & Palmer LLP
2400, 525 – 8th Avenue SW
Calgary, Alberta
T2P 1G1

Attention: David LeGeyt

Please note that demands will also be issued to the guarantors of the Indebtedness.

If full payment, as set forth above, is not received by close of business on January 31, 2023, Enzo will take whatever steps it deems appropriate to seek repayment of the said amount. To this end, we enclose for service upon you a Notice of Intention to Enforce Security (an "**NOI**") in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada). If you are prepared to waive the ten-day notice period, please endorse the Consent and Waiver located on page 2 of the NOI and return to the undersigned.

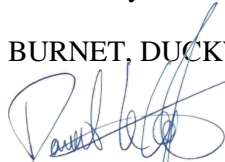
For your information, demands will be issued on the other guarantor in respect of the Indebtedness.

Please note that Enzo reserves the right to proceed against you: (i) prior to the time stipulated above in the event that it determines that its position has been further jeopardized; and (ii) anytime, or from time to time after any dates stipulated above have passed, and in either case without the necessity of serving a new demand for payment.

If you have any questions, please contact the undersigned.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP



David LeGeyt
Partner

DLG/agt
Enclosure

FORM 86**NOTICE OF INTENTION TO ENFORCE SECURITY**

(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada) and Rule 124)

To: Frondis Holdings Ltd. (the "**Debtor**").

TAKE NOTICE THAT:

1. Enzo Holdings Ltd. ("**Enzio**"), a secured creditor of the Debtor, intends to enforce its security on the property of the Debtor as set out below:
 - (a) all shares in the capital of the Candre Cannabis Inc. ("**Candre**") held by the Debtor and all share certificate(s) representing such shares, including but not limited to, 40,000,000 Class "A" common share and share certificate numbers 5A and 6A representing such share (the "**Pledged Securities**");
 - (b) all other shares and rights in the capital of the Candre held by the Debtor and all other investment property issued by Calyptra whether in the form of debt, equity, options, warrants or other convertible securities, which are, will or may by any series of transactions be converted into shares in the capital of Candre held by the Debtor;
 - (c) all dividends (whether cash or non-cash), payments, entitlements and other distributions (including share redemption proceeds), in respect of or in exchange for the Pledged Securities, or any part thereof, and all shares or other investment property into which the Pledged Securities may be converted whether by way of amalgamation, arrangement, or other corporate reorganization or resulting from any subdivision or consolidation of the Pledged Securities;
 - (d) all replacements and substitutions for the foregoing, all certificates and other instruments representing or evidencing the foregoing, all proceeds and other property received or receivable in respect thereof, and all rights and claims of the Debtor in respect of same; and
 - (e) all proceeds of the foregoing collateral.
2. The security to be enforced is in the form of:
 - (a) Share Pledge dated May 11, 2018 (as confirmed from time to time),
 (collectively, the "**Security**").
3. The total amount of indebtedness secured by the Security is, as of January 1, 2023, the sum of Cdn. \$23,112,000.00, plus all accrued and accruing interest and legal costs.

Enzio will not have the right to enforce its Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

DATED at the City of Calgary, in the Province of Alberta, this 19th day of January, 2023.

BURNET, DUCKWORTH & PALMER LLP,
solicitors and agents for Enzio Holdings Ltd.

Per: 

David LeGeyt

CONSENT AND WAIVER**THE UNDERSIGNED** hereby:

Acknowledges receipt of the Notice of Intention to Enforce Security;

Waives the ten days of notice required under section 244 of the *Bankruptcy and Insolvency Act* (Canada); and

Consents to the immediate enforcement by Enzo Holdings Ltd. of the Security referred to herein.

DATED this _____ day of January, 2023.**JASMINE VENTURES LTD.**

Per: _____

Name:

Title:

Reply to: David LeGeyt
Direct Phone: (403) 260-0210
Direct Fax: (403) 260-0332
dlegeyt@bdplaw.com

Assistant: Annie Gillis-Tapp
Direct Phone: (403) 267-1611
Our File: 75684-2

Via Registered Mail & E-Mail (jbeaudry@candrecannabis.com)

January 19, 2023

Jasmine Ventures Ltd.
501 Chapparal Drive SE
Calgary, AB T2X 3W2

Attention: Jesse Beaudry, Director

Re: Enzo Holdings Ltd. ("Enzio"), secured lender to Candre Cannabis Inc. ("Candre" or the "Borrower")

We are counsel to Enzo in connection with the following agreements entered between Enzo as lender and Candre as borrower:

- Amended and Restated Loan Agreement, dated November 12, 2019, evidencing a loan in the original principal amount of Cdn. \$18,600,000, as amended by each of the following:
 - First Letter Amending Agreement, dated June 30, 2020;
 - Second Letter Amending Agreement, dated December 31, 2020; and
 - Third Letter Amending Agreement, dated January 1, 2022,

(as so amended, the "**Loan Agreement**").

Reference is also made to the security agreements, mortgages, and other security interests granted by Candre to Enzo in connection with the Loan Agreement (collectively the "**Security**").

In connection with the amounts owing by the Borrower, you have provided a limited recourse guarantee dated May 11, 2018 in favour of Enzo with respect to the amounts owing by the Borrower under the Loan Agreement (the "**Guarantee**"). In support of your obligations under the Guarantee, you have provided a share pledge dated May 11, 2018 (the "**Guarantor Security**").

Candre is in default of its obligations under the Loan Agreement and the Security. Specifically, Candre has failed to make payments to Enzo when due under the Loan Agreement, and the same constitutes an Event of Default as defined under the Loan Agreement (the "**Default**"). As a result of the Default, Enzo is entitled to, and hereby does, declare that all amounts owing to Enzo under the Loan Agreement are immediately due and payable to Enzo.

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On behalf of Enzo, we hereby demand repayment of all amounts due and owing by you to Enzo under the Guarantee, being Cdn. \$23,112,000.00 as of January 1, 2023, plus all accrued and accruing interest and legal costs on a solicitor and own client full indemnity basis (the "**Indebtedness**").

Please note that the Indebtedness will continue to accrue interest at the rates agreed to, and costs and expenses will continue to be incurred by Enzo for which you will be responsible, until payment of all amounts owing is received by either certified cheque or bank draft at the following address:

Enzio Holdings Ltd.
c/o Burnet, Duckworth & Palmer LLP
2400, 525 – 8th Avenue SW
Calgary, Alberta
T2P 1G1

Attention: David LeGeyt

Please note that demands will also be issued to the guarantors of the Indebtedness.

If full payment, as set forth above, is not received by close of business on January 31, 2023, Enzo will take whatever steps it deems appropriate to seek repayment of the said amount. To this end, we enclose for service upon you a Notice of Intention to Enforce Security (an "**NOI**") in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada). If you are prepared to waive the ten-day notice period, please endorse the Consent and Waiver located on page 2 of the NOI and return to the undersigned.

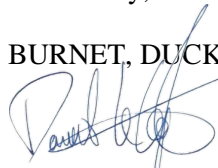
For your information, demands will be issued on the other guarantor in respect of the Indebtedness.

Please note that Enzo reserves the right to proceed against you: (i) prior to the time stipulated above in the event that it determines that its position has been further jeopardized; and (ii) anytime, or from time to time after any dates stipulated above have passed, and in either case without the necessity of serving a new demand for payment.

If you have any questions, please contact the undersigned.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP



David LeGeyt
Partner

DLG/agt
Enclosure

FORM 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada) and Rule 124)

To: Jasmine Ventures Ltd. (the "**Debtor**").

TAKE NOTICE THAT:

1. Enzo Holdings Ltd. ("**Enzio**"), a secured creditor of the Debtor, intends to enforce its security on the property of the Debtor as set out below:
 - (a) all shares in the capital of the Candre Cannabis Inc. ("**Candre**") held by the Debtor and all share certificate(s) representing such shares, including but not limited to, 40,000,000 Class "A" common share and share certificate number 4A representing such share (the "**Pledged Securities**");
 - (b) all other shares and rights in the capital of the Candre held by the Debtor and all other investment property issued by Calyptra whether in the form of debt, equity, options, warrants or other convertible securities, which are, will or may by any series of transactions be converted into shares in the capital of Candre held by the Debtor;
 - (c) all dividends (whether cash or non-cash), payments, entitlements and other distributions (including share redemption proceeds), in respect of or in exchange for the Pledged Securities, or any part thereof, and all shares or other investment property into which the Pledged Securities may be converted whether by way of amalgamation, arrangement, or other corporate reorganization or resulting from any subdivision or consolidation of the Pledged Securities;
 - (d) all replacements and substitutions for the foregoing, all certificates and other instruments representing or evidencing the foregoing, all proceeds and other property received or receivable in respect thereof, and all rights and claims of the Debtor in respect of same; and
 - (e) all proceeds of the foregoing collateral.
2. The security to be enforced is in the form of:
 - (a) Share Pledge dated May 11, 2018 (as confirmed from time to time),
(collectively, the "**Security**").
3. The total amount of indebtedness secured by the Security is, as of January 1, 2023, the sum of Cdn. \$23,112,000.00, plus all accrued and accruing interest and legal costs.

Enzio will not have the right to enforce its Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

DATED at the City of Calgary, in the Province of Alberta, this 19th day of January, 2023.

BURNET, DUCKWORTH & PALMER LLP,
solicitors and agents for Enzio Holdings Ltd.

Per: 

David LeGeyt

CONSENT AND WAIVER**THE UNDERSIGNED** hereby:

Acknowledges receipt of the Notice of Intention to Enforce Security;

Waives the ten days of notice required under section 244 of the *Bankruptcy and Insolvency Act* (Canada); and

Consents to the immediate enforcement by Enzo Holdings Ltd. of the Security referred to herein.

DATED this _____ day of January, 2023.**JASMINE VENTURES LTD.**

Per: _____

Name:

Title:

THIS IS **EXHIBIT "K"** REFERRED TO IN THE
AFFIDAVIT OF SVEINUNG SVARTE.

SWORN BEFORE ME THIS 27TH DAY OF
FEBRUARY, 2023.



A Commissioner for Oaths
in and for the Province of Alberta

David LeGeyt
Barrister & Solicitor

COURT FILE NUMBER 2301-

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANT ENZIO HOLDINGS LTD.

RESPONDENTS CANDRE CANNABIS INC., FRONDIS HOLDINGS LTD., CALYPTRA CULTIVATION INC. and JASMINE VENTURES LTD.

DOCUMENT **CONSENT TO ACT**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

Burnet, Duckworth & Palmer LLP

2400, 525 – 8 Avenue SW
Calgary, Alberta T2P 1G1
Lawyer: David LeGeyt / Ryan Algar

Phone Number: (403) 260-0126 / 0210

Fax Number: (403) 260-0332

Email Address: ralgar@bdplaw.com /

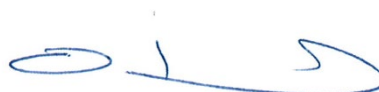
File No. dlegeyt@bdplaw.com
74539-2

CONSENT TO ACT

Alvarez & Marsal Canada Inc. hereby consents to act as receiver and manager over the property, assets, and lands of **CANDRE CANNABIS INC.** if so appointed by this Honourable Court.

DATED at Calgary, Alberta this 18th day of February, 2023.

ALVAREZ & MARSAL CANADA INC.



Per: _____

Orest Konowalchuk, CPA, CA, CIRP, LIT
Senior Vice President