
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2026

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 000-56824

Leef Brands, Inc.

(Exact Name of Registrant as Specified in its Charter)

British Columbia
(State or other jurisdiction of
incorporation or organization)

98-1653633
(I.R.S. Employer
Identification Number)

**Suite 2500 Park Place
666 Burrard Street
Vancouver, BC V6C 2X8, Canada
(416) 797-6455**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

Securities registered pursuant to Section 12(g) of the Act:

**Common Shares
(Title of each Class)**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of May 6, 2026 there were 280,358,364 common shares of the registrant's common shares outstanding.

LEEF BRANDS INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2026

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this “Quarterly Report”) of Leef Brands, Inc. (the “Company,” “Leef Brands,” “we,” “us,” or “our”) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements contained in this Quarterly Report that do not relate to matters of historical fact should be considered forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as “may,” “will,” “would,” “could,” “should,” “expects,” “plans,” “intends,” “anticipates,” “believes,” “estimates,” “projects,” “predicts,” “potential,” “continue” or similar expressions, or the negative of these terms or other comparable terminology.

These forward-looking statements include, but are not limited to, statements about:

- our ability to generate revenue and become profitable;
- our ability to execute our business strategy;
- our ability to secure additional capital on acceptable terms to fund operations, capital expenditures, facility improvements, and product development;
- the impact of ongoing United States federal law prohibiting cannabis on our ability to operate in the cannabis industry, including federal enforcement priorities and potential changes in U.S. federal and state cannabis laws and regulations;
- the continued evolution of state and local cannabis regulations in California, New York, Nevada, and any other jurisdictions in which we operate;
- our ability to maintain and renew state and local cannabis licenses and permits that we hold, and to obtain new licenses and permits in the ordinary course;
- our ability to manage our liquidity and meet our financial obligations as they come due, including our material debt and lease obligations;
- our ability to realize value from assets held for sale, including the cultivation and processing cannabis license located in Clark County, Nevada;
- our exposure to commodity price pressure, including ongoing pricing compression in the California wholesale cannabis market;
- our ability to protect and enforce our intellectual property rights and brands;
- our ability to compete effectively with other cannabis manufacturers, distributors, and retailers in California and elsewhere;
- the outcome of any legal proceedings or governmental investigations to which we may be subject from time to time;
- the potential volatility of our digital asset holdings, which consist of Bitcoin held as part of our treasury assets;
- changes in accounting principles, interpretations and guidance; and
- other risks and uncertainties, including those referenced under the section titled “Risk Factors” in Part II, Item 1A of this Quarterly Report and in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 filed with the Securities and Exchange Commission (the “SEC”) on March 26, 2026 (the “2025 Annual Report”).

The forward-looking statements in this Quarterly Report are only predictions. We have based these forward-looking statements largely on our current expectations, estimates, forecasts, and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, and financial needs. These forward-looking statements speak only as of the date of this Quarterly Report and are subject to a number of risks, uncertainties, and assumptions described under the sections titled “Risk Factors” and elsewhere in this Quarterly Report and our 2025 Annual Report. These risks are not exhaustive. Other sections of this Quarterly Report include additional factors that could adversely impact our business and financial performance. Moreover, we operate in a very competitive and rapidly changing regulatory environment. New risk factors emerge from time to time, and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances, or otherwise.

In addition, statements such as “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Quarterly Report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and investors are cautioned not to place undue reliance on these statements.

Unless otherwise indicated or the context otherwise requires, all references to “Leef Brands,” the “Company,” “we,” “our,” “ours,” “us” or similar terms refer to Leef Brands, Inc. and its consolidated subsidiaries.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LEEF BRANDS, INC.
UNAUDITED INTERIM CONSOLIDATED BALANCE SHEETS

	March 31, 2026 (unaudited)	December 31, 2025
ASSETS		
Current assets		
Cash	\$ 5,755,972	\$ 2,190,722
Accounts receivable, net	2,634,041	1,592,653
Inventory, net	3,585,165	3,350,889
Prepaid expenses and deposits	1,259,806	505,438
Deferred costs and other current assets	504,551	508,987
Total current assets	13,739,535	8,148,689
Non-current assets		
Property and equipment, net	24,980,042	25,041,313
Right of use assets, net	1,632,991	1,678,072
Intangible assets, net	1,084,859	1,122,199
Assets held for sale	400,000	400,000
Other assets	12,605	12,605
Total assets	<u>\$ 41,850,032</u>	<u>\$ 36,402,878</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and other accrued liabilities	\$ 5,210,220	\$ 4,768,534
Related party payables	1,423,902	1,916,770
Current portion of notes payable	864,557	1,001,395
Current portion of related party consideration payable	105,000	340,000
Lease liabilities, short term	167,154	160,285
Taxes payable	80,411	161,770
Total current liabilities	7,851,244	8,348,754
Non-current liabilities		
Lease liabilities, net of current portion	1,610,589	1,659,120
Notes payable, net of current	9,665,249	9,783,361
Derivative liabilities, long term	11,514,895	8,893,600
Uncertain tax positions	16,190,724	15,219,548
Deferred tax liability	766,796	766,796
Total liabilities	47,599,497	44,671,179
Stockholders' Deficit		
Series A-1 Preferred stock; no par value; unlimited shares authorized; 10,726,579 and 0 shares issued and outstanding as of March 31, 2026 and December 31, 2025, respectively	2,089,483	-
Common stock; no par value; unlimited shares authorized; 265,964,990 and 257,947,996 shares issued and outstanding as of March 31, 2026 and December 31, 2025, respectively	-	-
Additional paid-in capital	132,301,294	131,445,688
Accumulated other comprehensive loss	(336,879)	(336,879)
Accumulated deficit	(139,803,363)	(139,377,110)
Total equity attributable to stockholders' of Leef Brands Inc.	(5,749,465)	(8,268,301)
Non-controlling interest	-	-
Total stockholders' deficit	(5,749,465)	(8,268,301)
Total liabilities and stockholders' deficit	<u>\$ 41,850,032</u>	<u>\$ 36,402,878</u>

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

LEEF BRANDS, INC.
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

	Three months ended	
	March 31, 2026	March 31, 2025
Net revenue	\$ 9,377,002	\$ 9,398,261
Cost of sales	4,752,352	7,324,971
Gross profit	4,624,650	2,073,290
Operating expenses		
Advertising and promotion	34,337	139,163
Depreciation and amortization	285,490	294,503
Wages and salaries	1,689,690	1,880,759
Office and general expenses	601,591	797,417
Research and development expenses	2,081	8,628
Legal and professional fees	294,296	487,939
License and compliance	5,706	12,760
Insurance expenses	98,087	99,571
Excise and other taxes	55,166	48,437
Lease expenses	184,239	158,402
Travel and business development	90,300	53,256
Total operating expenses	3,340,983	3,980,835
Income (loss) from operations	1,283,667	(1,907,545)
Other (income) expense		
Interest expense	316,834	592,501
Change in fair value derivative liability	390,405	(3,538,440)
Other expense	28,101	51,505
Total other (income) expense	735,340	(2,894,434)
Income before provision for income taxes	\$ 548,327	\$ 986,889
Provision for income taxes	974,580	721,113
Net income (loss) and comprehensive income (loss)	\$ (426,253)	\$ 265,776
Net income (loss) and comprehensive income (loss) attributable to shareholders of Leef Brands, Inc.	\$ (426,253)	265,776
Earnings (loss) per common share – basic	\$ (0.002)	\$ 0.002
Weighted average common shares outstanding – basic	259,677,719	174,681,755
Earnings (loss) per common share - diluted	\$ (0.002)	\$ 0.001
Weighted average common shares outstanding - diluted	259,677,719	266,662,315

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

LEEF BRANDS, INC.
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
For the Three Months Ended March 31, 2026 and 2025

Activity for the Three Months Ended March 31, 2026

	Series A-1 Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount				
Balance, December 31, 2025	-	\$ -	257,947,996	\$ -	\$ 131,445,688	\$ (139,377,110)	\$ (336,879)	\$ (8,268,301)
Net loss	-	-	-	-	-	(426,253)	-	(426,253)
Preferred and common shares issued for cash	10,726,579	2,089,483	8,152,200	-	396,881	-	-	2,486,364
Shares returned to treasury	-	-	(135,206)	-	(30,742)	-	-	(30,742)
Stock compensation expense	-	-	-	-	6,577	-	-	6,577
Equity based compensation for restricted stock unit grants	-	-	-	-	482,890	-	-	482,890
Balance, March 31, 2026	<u>10,726,579</u>	<u>\$ 2,089,483</u>	<u>265,964,990</u>	<u>\$ -</u>	<u>\$ 132,301,294</u>	<u>\$ (139,803,363)</u>	<u>\$ (336,879)</u>	<u>\$ (5,749,465)</u>

Activity for the Three Months Ended March 31, 2025

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total equity attributable to shareholders of Leef Brands, Inc.	Non- controlling Interest	Total Stockholders' Deficit
	Shares	Amount						
Balance, December 31, 2024	172,984,299	\$ -	\$ 109,650,027	\$ (121,747,435)	\$ (336,536)	\$ (12,433,944)	\$ -	\$ (12,433,944)
Net income	-	-		265,776	-	265,776	-	265,776
Common shares issued for services	600,000	-	100,000	-		100,000	-	100,000
Common shares issued for earnout consideration	1,858,032	-	935,618	-	-	935,618	-	935,618
Foreign currency translation	-	-	-		(343)	(343)	-	(343)
Stock compensation expense	-	-	258,668	-	-	258,668	-	258,668
Equity based compensation for restricted stock unit grants	-	-	232,794	-	-	232,794	-	232,794
Balance, March 31, 2025	<u>175,442,331</u>	<u>\$ -</u>	<u>\$ 111,177,107</u>	<u>\$ (121,481,659)</u>	<u>\$ (336,879)</u>	<u>\$ (10,641,431)</u>	<u>\$ -</u>	<u>\$ (10,641,431)</u>

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

LEEF BRANDS, INC.
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended	
	March 31, 2026	March 31, 2025
Cash Flows from Operating Activities		
Net income (loss) and comprehensive income (loss)	\$ (426,253)	\$ 265,776
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	568,141	535,237
Share based compensation	489,467	591,462
Lease cost, net of repayment	3,420	11,355
Amortization of debt discounts	212,217	248,456
Change in fair value of derivative liability	390,405	(3,538,440)
Unrealized loss (gain) on crypto asset	25,309	39,266
Changes in operating assets and liabilities		
Accounts receivable, net	(1,041,388)	(494,238)
Prepaid expenses and deposits	(754,368)	(946,659)
Inventory	(234,276)	(721,538)
Other assets	4,436	10,584
Accounts payable and other accrued liabilities	410,941	1,320,132
Related party payables	(142,867)	224,728
Uncertain tax positions	889,817	617,667
Net cash provided by (used in) operating activities	<u>395,001</u>	<u>(1,836,212)</u>
Cash Flows from Investing Activities		
Equipment purchase	(494,839)	(162,075)
Net cash used in investing activities	<u>(494,839)</u>	<u>(162,075)</u>
Cash Flows from Financing Activities		
Issuance of preferred and common shares	4,500,000	-
Repayment of notes	(249,912)	(22,097)
Repayment of related party contingent consideration	(235,000)	-
Proceeds from issuance of related party note payable	-	204,000
Cash repayments of related party notes payable	(350,000)	-
Net cash provided by financing activities	<u>3,665,088</u>	<u>181,903</u>
Net increase (decrease) in Cash	3,565,250	(1,816,384)
Effect of foreign exchange translation	-	(343)
Cash, beginning of period	<u>2,190,722</u>	<u>2,731,979</u>
Cash, end of period	<u>\$ 5,755,972</u>	<u>\$ 915,252</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 62,521</u>	<u>\$ 168,038</u>
Other non-cash investing and financing activities		
Common shares issued for earnout consideration	\$ -	\$ 935,618
Modification of notes payable and warrants	\$ 217,255	\$ -
Recognition of derivative liability for warrants and preferred share conversion feature issued	\$ 2,013,636	\$ -
Shares returned to treasury	\$ 30,742	\$ -

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

LEEF BRANDS, INC.
Notes to the Consolidated Financial Statements
As of and for the three months ended March 31, 2026 and 2025

1. Nature and Continuance of Operations

Leef Brands Inc. (the “Company”) was incorporated on September 15, 2011, under the laws of the province of British Columbia and is registered extra-provincially under the laws of Ontario. The Company is a cannabis branded products manufacturer based in California. The Company is a public company whose common shares are listed for trading on the Canadian Securities Exchange (“CSE”) under the symbol “LEEF” which became effective December 7, 2022. The head office of the Company is located at Suite 2500 Park Place, 666 Burrard Street, Vancouver, BC V6C 2X8.

These condensed consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. As of March 31, 2026, the Company has an accumulated deficit of \$139,803,363 and a working capital surplus of \$5,888,291. The Company is actively seeking additional sources of financing. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, within one year of the issuance of the financial statements. Management is aware, in making its assessment, of uncertainties related to events or conditions that may cast substantial doubt upon the entity’s ability to continue as a going concern that these uncertainties are material and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore to realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. See liquidity section of “*Note 2 – Basis of Presentation*” for further discussion on liquidity needs.

Reverse recapitalization

On April 20, 2022, the Company acquired all of the common stock of LEEF Holdings, Inc. (“LEEF”) pursuant to a merger agreement dated January 21, 2022, among the Company, its wholly-owned subsidiary, Icanic Merger Sub, Inc. and LEEF. The Company issued common shares, which at the time were subject to a contractual hold period in accordance with the terms of the merger agreement, with an initial one-eighth of the shares received to be released on the one-year anniversary of closing and the remaining shares to be released in equal one-eighth installments every three months thereafter.

2. Basis of Presentation

Statement of compliance

These condensed consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The accompanying condensed consolidated financial statements are unaudited and have been prepared pursuant to the rules and regulations of the SEC regarding interim financial reporting. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements and should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes for the fiscal year ended December 31, 2025, included in the Company's 2025 Annual Report. The policies set out below have been consistently applied to all periods presented unless otherwise noted.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments (consisting only of normal and recurring adjustments, except as otherwise indicated) considered necessary to present fairly, in all material respects, the Company's financial position as of March 31, 2026, its results of operations for the three months ended March 31, 2026 and 2025, and its cash flows for the three months ended March 31, 2026 and 2025. Interim results are not necessarily indicative of the results that may be expected for any other interim period or for the full fiscal year.

These condensed consolidated financial statements were approved and authorized for issuance by the Company's Board of Directors on May 6, 2026.

Liquidity and going concern

Historically, the Company's primary source of liquidity has been its operations, capital contributions made by equity investors and debt issuances. The Company is currently meeting its current operational obligations as they become due from its current working capital and from operations. However, the Company has sustained losses since inception and may require additional capital in the future. As of and for the three months ended March 31, 2026, the Company had an accumulated deficit of \$139,803,363, a net loss and comprehensive loss attributable to the Company of \$426,253, and net cash provided by operating activities of \$395,001. Such uncertainties related to events and conditions raise substantial doubt about the Company's ability to continue as a going concern.

The Company is generating cash from revenues and deploying its capital reserves to acquire and develop assets capable of producing additional revenues and earnings over both the immediate and near term. Capital reserves are primarily being utilized for capital expenditures, facility improvements, product development and marketing.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

Basis of presentation and measurement

These consolidated financial statements have been prepared on a historical cost basis except for derivative financial instruments, which are measured at fair value through earnings, as explained in the accounting policies below. Historical costs are generally based upon the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no material effect on the consolidated results of operations, stockholders' deficit, or cash flows.

Functional currency

All figures presented in the consolidated financial statements are reflected in United States dollars; however, the functional currency of the Company includes Canadian dollars and United States dollars. The Company's subsidiaries functional currency is the United States dollar.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

All gains and losses on translation of these foreign currency transactions are included in earnings.

On consolidation, the assets and liabilities of foreign operations reported in their functional currencies are translated into United States dollars, the Company's presentation currency, at period-end exchange rates. Income and expenses, and cash flows of foreign operations are translated into United States dollars using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in accumulated other comprehensive loss.

Basis of consolidation

These consolidated financial statements as of March 31, 2026 and December 31, 2025 include the accounts of the Company, its wholly-owned subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of subsidiaries are included in the audited annual financial statements from the date that control commences until the date that control ceases.

The following is a list of the Company's wholly-owned and partially owned operating subsidiaries:

Name of Consolidated Subsidiary or Entity	Purpose	Jurisdiction	Attributable Interest
Aya Biosciences, Inc.	Pharmaceutical	US	100%
Anderson Development SB, LLC.	Cultivation	US	100%
Paleo Paw Corp.	CBD Wellness	US	100%
Payne Distribution, LLC.	Distribution	US	100%
LEEF Brands, Inc.	Holding Company	Canada	100%
LEEF Holdings, Inc.	Holding Company	US	100%
Preferred Brand LLC.	Manufacturing	US	100%
Seven Zero Seven, LLC.	Manufacturing	US	100%
LEEF Management, LLC.	Payroll	US	100%
1127466 B.C. Ltd.	Real Estate	Canada	100%
1200665 B.C. Ltd.	Real Estate	Canada	100%
SCRSB, LLC.	Cultivation	US	100%
The Leaf at 73740, LLC.	Dispensary	US	100%
Green Cross Nevada LLC.	Manufacturing	US	100%
V6E Holdings, LLC.	Manufacturing	US	100%
LEEF Labs NY LLC.	Manufacturing	US	100%
LEEF Labs NJ, LLC.	Manufacturing	US	100%
Eaton Processing LLC	Manufacturing	US	100%

All inter-company transactions and balances have been eliminated in the consolidated financial statement presentation.

3. Significant Accounting Policies

The preparation of the consolidated financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's consolidated financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The significant accounting policies applied by the Company have not materially changed from those disclosed in the Company's audited consolidated financial statements for the fiscal year ended December 31, 2025, included in the 2025 Annual Report. A summary of the Company's significant accounting policies follows.

Accounts receivable

Accounts receivable are recognized initially at fair value and subsequently measured at amortized cost, less any provisions for impairment. Financial assets measured at amortized cost are assessed for impairment at the end of each reporting period. Impairment provisions are estimated using the expected credit loss impairment model where any expected future credit losses are provided for, irrespective of whether a loss event has occurred at the reporting date. Estimates of expected credit losses take into account the Company's collection history, deterioration of collection rates during the average credit period, as well as observable changes in and forecasts of future economic conditions that affect default risk. Where applicable, the carrying amount of a trade receivable is reduced for any expected credit losses through the use of an allowance for doubtful accounts ("AFDA") provision. Changes in the AFDA provision are recognized in the consolidated statement of operations and comprehensive income (loss). When the Company determines that no recovery of the amount owing is possible, the amount is deemed irrecoverable and the financial asset is written off. As of March 31, 2026 the Company recorded an allowance for doubtful accounts of \$1,016,251 (December 31, 2025 - \$949,297).

Customer Concentration

The Company has a concentration of credit risk with respect to revenues. For the three months ended March 31, 2026 and 2025, one customer represented approximately 15.4% and 31.2%, respectively, of total revenues.

As of March 31, 2026 and December 31, 2025, this customer accounted for less than 1% of the Company's accounts receivable, respectively.

The loss of a major customer, or a significant reduction in business from them, could have a material adverse effect on the Company's financial condition, results of operations, and cash flows. The Company routinely assesses the creditworthiness of its customers and maintains allowances for potential credit losses, although no significant losses have been experienced to date. Management continues to monitor customer concentration risk and pursue diversification of its customer base where feasible.

Inventory

Inventory is valued at the lower of cost and net realizable value. The Company's inventory is comprised of cannabis related products and derivatives. The cost of inventory is calculated using the weighted average method and comprises all costs of purchase necessary to bring the goods to sale. Net realizable value represents the estimated selling price for products sold in the ordinary course of business less the estimated costs necessary to make the sale. Cost of cannabis biomass is comprised of initial third-party acquisition costs, plus analytical testing costs. Costs of extracted cannabis oil inventory are comprised of initial acquisition cost of the biomass and all direct and indirect processing costs including labor related costs, consumables, materials, packaging supplies and analytical testing costs. Packaging and supplies are initially valued at cost and subsequently at the lower of cost and net realizable value.

Management uses the most reliable evidence available in determining the net realizable value of inventories. Actual selling prices may differ from estimates, based on market conditions at the time of sale. Allowances are made against obsolete or damaged inventory and charged to cost of sales. As of March 31, 2026 and December 31, 2025, the Company recorded a reserve inventory in the amount of \$24,237 and \$54,698, respectively.

Financial instruments

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

The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels, and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

For further details, see Note 15 – Financial Instruments and Financial Risk Management

Property and equipment

The Company records property and equipment at cost less accumulated amortization and accumulated impairment losses. It recognizes amortization to write off the cost of assets less their residual values over their useful lives. The depreciation rates applicable to each category of property and equipment are as follows:

Buildings	15 – 20 years
Office furniture and software	3 – 5 years
Machinery and equipment	10 years
Vehicles	8 years
Construction in progress	Not depreciated
Leasehold improvements	Shorter of lease term or economic life

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in income (loss) from operations. Where an item of property and equipment and deferred costs consist of major components with different useful lives, the components are accounted for as separate items of property and equipment and deferred expenditures. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the reporting unit or group of reporting units which are expected to benefit from the synergies of the combination. Goodwill is not subject to amortization.

The goodwill balance is assessed for impairment annually or when facts and circumstances indicate that it is impaired. Goodwill is tested for impairment at a reporting unit level by comparing the carrying value to the recoverable amount, which is determined as the of fair value less costs of disposal. Any excess of the carrying amount over the recoverable amount is the impaired amount. The recoverable amount estimates are categorized as Level 3 according to the fair value hierarchy. Impairment charges are recognized in the consolidated statements of operations and comprehensive income (loss). Goodwill is reported at cost less any accumulated impairment. Goodwill impairments are not reversed.

Intangible assets

The Company's intangible assets consist of trademarks and licenses. Intangible assets acquired are measured on initial recognition at cost, while the cost of intangible assets acquired in a business combination is initially recorded at their fair values as at the date of acquisition. It recognizes amortization to write off the cost of assets less their residual values over their useful lives, using certain methods and rates. The intangible assets as of March 31, 2026 and December 31, 2025 were a trademark and two licenses which have been determined to have 10-year useful lives.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. Any gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in income (loss) from operations. Following initial recognition, intangible assets with indefinite useful lives are carried at cost less accumulated amortization and any accumulated impairment losses.

Digital assets

Effective January 1, 2024, the Company adopted ASU 2023-08, *Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets*. Crypto assets are initially recorded at cost, including any transaction fees. This update requires entities to subsequently measure certain crypto assets at fair value, with changes in fair value recognized in net income each reporting period. Fair value is determined using prices quoted in active markets at the reporting date.

The Company holds digital assets that meet the scope of this guidance. These assets are:

- Intangible in nature
- Do not provide enforceable rights to goods or services
- Are created or reside on a distributed ledger
- Are secured through cryptography
- Are fungible
- Are not issued by the reporting entity or its related parties

Impairment of long-lived assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (reporting unit). An impairment loss is recognized for the amount, if any, by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the asset's fair value less cost to sell. The Company will assess for further impairment on an annual basis or as unexpected events happen.

Leases

The Company assesses whether a contract is or contains a lease at inception of the contract, as well as whether each lease represents an operating lease or a finance lease in accordance with ASC 842, *Leases*. A lease is recognized as a right-of-use asset and corresponding liability at the commencement date. The Company has operating leases for certain facilities. Operating lease right-of-use assets and operating lease liabilities are recognized based on the present value of future minimum lease payments over the lease term at commencement date. Each finance lease payment included in the lease liability is apportioned between the repayment of the liability and a finance cost. The finance cost is recognized in "interest expense" in the consolidated statements of operations and comprehensive income (loss) over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. Lease liabilities represent the net present value of fixed lease payments (including in-substance fixed payments); variable lease payments based on an index, rate, or subject to a fair market value renewal condition; amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if it is probable that the lessee will exercise that option.

The Company's lease liability is recognized net of lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. The period over which the lease payments are discounted is the expected lease term, including renewal and termination options that the Company is reasonably certain to exercise.

Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in general and administration and sales and marketing expense in the consolidated statements of operations and comprehensive income (loss). Short-term leases are defined as leases with a lease term of 12 months or less.

Variable lease payments that do not depend on an index, rate, or subject to a fair market value renewal condition are expensed as incurred and recognized in costs of goods sold, general and administration or sales and marketing expense, as appropriate given how the underlying leased asset is used, in the consolidated statement of comprehensive loss.

Right-of-use assets are measured at cost, which is calculated as the amount of the initial measurement of lease liability plus any lease payments made at or before the commencement date, any initial direct costs and related restoration costs. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. The depreciation is recognized from the commencement date of the lease.

Derivatives

Derivatives are initially measured at fair value and are subsequently remeasured at fair value. If the transaction price does not equal to fair value at the point of initial recognition, management measures the fair value of each component of the investment and any unrealized gains or losses at inception are either recognized in comprehensive income (loss) or deferred and recognized over the term of the investment, depending on whether the valuation inputs are based on observable market data. The resulting unrealized gain or loss at inception and subsequent changes in fair value are recognized in profit or loss for the period.

The Company evaluates all of its agreements to determine if such instruments have derivatives or contain features that qualify as embedded derivatives. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the Consolidated Balance Sheets as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the Consolidated Statements of Financial Position date. Critical estimates and assumptions used in the model are discussed in "Note 10 – Derivative Liabilities".

Convertible debentures

Convertible debentures are financial instruments that are accounted for separately dependent on the nature of their components. The identification of such components embedded within a convertible debenture requires significant judgment given that it is based on the interpretation of the substance of the contractual agreement. Where the conversion option has a fixed conversion rate, the financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance. Where the conversion option has a variable conversion rate, the conversion option is recognized as a derivative liability measured at fair value. The determination of the fair value is also an area of significant judgment given that it is subject to various inputs, assumptions and estimates including contractual future cash flows, discount rates, credit spreads and volatility.

Fees directly attributable to the transactions are apportioned to the financial liability, derivative liability and equity components in proportion to the allocation of proceeds.

Additional Paid-In Capital

Common and preferred shares are classified as equity. Transaction costs directly attributable to the issue of common and preferred shares and share options are recognized as a deduction from equity, net of any tax effects.

Where additional paid-in capital is issued, or received, as non-monetary consideration and the fair value of the asset received or given up is not readily determinable, the fair market value of the shares is used to record the transaction. The fair market value of the shares is based on the trading price of those shares on the appropriate stock exchange on the date of the agreement to issue or receive shares as determined by the board of directors.

Foreign currency

These consolidated financial statements are presented in U.S. dollars, which is also one of the functional currencies of the certain subsidiaries along with Canadian dollars being the functional currency for other subsidiaries. Each subsidiary determines its own functional currency and items included in the financial statements of each subsidiary are measured using that functional currency.

i) Transactions and Balances in Foreign Currencies

Foreign currency transactions are translated into the functional currency of the respective entity, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognized in income (loss) from operations. Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and are not retranslated. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

ii) Foreign operations

On consolidation, the assets and liabilities of foreign operations are translated into U.S. dollars at the exchange rate prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognized in other comprehensive income and accumulated in the foreign currency translation reserve in equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in earnings and recognized as part of the gain or loss on disposal.

Income Taxes

Tax expense recognized in income (loss) from operations comprises the sum of current and deferred taxes not recognized in other comprehensive income or directly in equity.

Current Tax

Current tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from income (loss) from operations in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in net income (loss), except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Revenue recognition

The Company generates revenue primarily from the sale of cannabis related activities. The Company uses the following five-step contract-based analysis of transactions to determine if, when and how much revenue can be recognized:

1. Identify the contract with a customer;
2. Identify the performance obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the performance obligation(s).

Revenue from the sale of cannabis is generally recognized when control over the goods has been transferred to the customer. Payment for sales is typically due prior to shipment. Payment for wholesale transactions is due within a specified time period as permitted by the underlying agreement and the Company's credit policy upon the transfer of goods to the customer. The Company generally satisfies its performance obligation and transfers control to the customer upon delivery and acceptance by the customer. Revenue is recorded at the estimated amount of consideration to which the Company expects to be entitled.

Bulk product and white label services revenue

The Company recognizes revenue from bulk product sales and white label services. Product sales are generally recognized when the Company satisfies the performance obligations and transfers control over the goods to the customer upon delivery and acceptance by the customer. Revenue is recorded at the estimated amount of consideration to which the Company expects to be entitled. Returns are performed when the product does not meet the requested type, concentration, etc. and ordered by the customer. Returns and exchanges are reported and recorded at the same time as revenue transactions.

Share-based Compensation

As part of its remuneration, the Company grants restricted stock units and also stock options and warrants to buy common shares of the Company to its employees. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The fair value of employee services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is measured at the grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instrument granted or vested if the option vests over a period. This fair value is measured at the grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period.

All share-based remuneration is ultimately recognized as an expense in the consolidated statements of operations and comprehensive income (loss) with a corresponding credit to contributed surplus. Upon exercise of share options, the proceeds received net of any directly attributable transactions costs and the amount originally credited to contributed surplus are allocated to share capital. When options expire unexercised the related value remains in additional paid-in capital.

Business combination

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for using the acquisition method. The total consideration paid for the acquisition is the fair value equity instruments issued in exchange for control of the acquiree at the acquisition date. The acquisition date is the date when the Company obtains control of the acquiree. The identifiable assets acquired, and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where GAAP provides exceptions to recording the amounts at fair value. Goodwill represents the difference between total consideration paid and the fair value of the net-identifiable assets acquired. Acquisition costs incurred are expensed in the consolidated statement of operations and comprehensive income (loss).

Contingent consideration is measured at its acquisition date fair value and is included as part of the consideration transferred in a business combination, subject to the applicable terms and conditions. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with ASC 825, *Financial Instruments*, with the corresponding gain or loss recognized in the consolidated statements of operations and comprehensive income (loss).

Based on the facts and circumstances that existed at the acquisition date, management will perform a valuation analysis to allocate the purchase price based on the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date. Management has one year from the acquisition date to confirm and finalize the facts and circumstances that support the finalized fair value analysis and related purchase price allocation. Until such time, these values are provisionally reported and are subject to change. Changes to fair values and allocations are retrospectively adjusted in subsequent periods.

In determining the fair value of all identifiable assets acquired and liabilities assumed, the most significant estimates generally relate to contingent consideration and intangible assets. Management exercises judgment in estimating the probability and timing of when earn-outs are expected to be achieved, which is used as the basis for estimating fair value. Identified intangible assets are fair valued using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on the fair value of the goods and services received. Asset acquisitions do not give rise to goodwill. Any consideration paid in excess of the identifiable assets and liabilities assumed is expensed to the consolidated statements of operations and comprehensive income (loss).

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Earnings (loss) per share

The Company calculates basic earnings (loss) per share by dividing the loss for the period by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is calculated in a similar manner, except that it increases the weighted average number of common shares outstanding, using the treasury stock method, to include common shares potentially issuable from the assumed conversion of preferred stock, exercise of stock options and other instruments, if dilutive. For the period ended March 31, 2026, these potential issuances are “anti-dilutive” as they would decrease the earnings (loss) per share; consequently, the amounts calculated for basic and diluted loss per share are the same. For the period ended March 31, 2025, the Company identified stock options, restricted stock units, warrants, and convertible debentures that result in a dilution of earnings (loss) per share.

Significant accounting judgments and estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company’s consolidated financial statements. Revisions to estimates and the resulting effects on the carrying amounts of the Company’s assets and liabilities are accounted for prospectively.

The following are the critical judgments and estimates that management has made in the process of applying the Company’s accounting policies and that have the most significant effect on the amounts recognized in the condensed consolidated financial statements: business combinations and asset acquisitions; functional currency translations; inventory; valuation of share-based payments; estimated useful lives of long-lived assets; impairment of long-lived assets; provisions; leases; fair values of financial instruments, derivatives, and convertible debentures; allowance for doubtful accounts; and segmented information.

4. Revenue Disaggregation

The Company's revenues are disaggregated based on major product line and operating segment. For the three months ended March 31, 2026, substantially all of the Company's revenues were generated from wholesale-concentrate manufacturing activities. The Company generates revenue primarily through bulk concentrate manufacturing, supplying the leading cannabis brands operating in California and New York. Consumer packaged goods (CPG) retail sales were not material in fiscal 2026 and 2025, and the Company intends to expand its CPG retail offering in fiscal 2026. Refer to Note 20 – Segment Information for further disaggregation of revenue by reportable segment.

The following table sets forth disaggregation of net revenue by operating segment for the three months ended March 31, 2026 and 2025:

	Three Months Ended	
	March 31, 2026	March 31, 2025
Wholesale concentrates	\$ 8,490,773	\$ 8,380,413
Retail	886,229	1,017,848
Corporate and other	-	-
Total net revenues	\$ 9,377,002	\$ 9,398,261

5. Property and Equipment

As of March 31, 2026 and December 31, 2025, the property and equipment consists of the following:

Cost	Buildings and land	Office equipment and software	Machinery and equipment	Vehicles	Leasehold improvements	Total
Balance as of January 1, 2025	\$ 27,654,718	\$ 219,438	\$ 5,611,300	\$ 597,150	\$ 5,000	\$ 34,087,606
Additions	165,729	10,603	716,682	182,112	-	1,075,126
Disposals and transfers	(184,583)	-	-	-	-	(184,583)
Balance as of December 31, 2025	\$ 27,635,864	\$ 230,041	\$ 6,327,982	\$ 779,262	\$ 5,000	\$ 34,978,149
Additions	154,750	-	325,089	15,000	-	494,839
Balance as of March 31, 2026	\$ 27,790,614	\$ 230,041	\$ 6,653,071	\$ 794,262	\$ 5,000	\$ 35,472,988
Accumulated Depreciation						
Balance as of January 1, 2025	\$ (5,738,488)	\$ (183,984)	\$ (1,906,976)	\$ (210,985)	\$ (4,557)	\$ (8,044,990)
Depreciation	(1,401,997)	(26,017)	(576,282)	(71,690)	(443)	(2,076,429)
Disposals and transfers	204,610	-	-	(20,027)	-	184,583
Balance as of December 31, 2025	\$ (6,935,875)	\$ (210,001)	\$ (2,483,258)	\$ (302,702)	\$ (5,000)	\$ (9,936,836)
Depreciation	(354,530)	(6,616)	(170,300)	(24,664)	-	(556,110)
Balance as of March 31, 2026	\$ (7,290,405)	\$ (216,617)	\$ (2,653,558)	\$ (327,366)	\$ (5,000)	\$ (10,492,946)
Net Book Value						
March 31, 2026	\$ 20,500,209	\$ 13,424	\$ 3,999,513	\$ 466,896	\$ -	\$ 24,980,042
December 31, 2025	\$ 20,699,989	\$ 20,040	\$ 3,844,724	\$ 476,560	\$ -	\$ 25,041,313

There was depreciation expense for the three months ended March 31, 2026 and 2025 of \$556,110 and \$450,486, respectively. These amounts were included as both cost of goods sold (\$282,650 and \$240,733 respectively) and operating expenses (\$273,460 and \$209,753 respectively) on the consolidated statements of operations and comprehensive income (loss) for the three months ended March 31, 2026 and 2025.

6. Inventory

As of March 31, 2026 and December 31, 2025, inventory consists of the following:

	March 31, 2026	December 31, 2025
Raw materials	\$ 1,195,412	\$ 889,784
Work-in-process	1,408,461	1,114,745
Finished goods – cannabis related products	981,292	1,346,360
Total inventory	\$ 3,585,165	\$ 3,350,889

7. Intangible Assets

As of March 31, 2026 and December 31, 2025, intangible assets were \$1,084,859 and \$1,122,199, respectively. During the three months ended March 31, 2026 and year ended December 31, 2025, the Company acquired Bitcoin cryptocurrency at a cost of \$0 and \$616,481, respectively. In accordance with ASC 350-60, Intangible Assets — Digital Assets, the Company accounts for Bitcoin at fair value, recognizing both increases and decreases in value in the statement of operations, and has determined that Bitcoin has an indefinite useful life. As of December 31, 2025, management determined that a \$1,291,781 impairment was deemed necessary for one of its license intangible assets.

As of March 31, 2026 and December 31, 2025, intangible assets consisted of the following:

Cost	Tradenames	Licenses	Crypto Currency	Total
Balance as of January 1, 2025	\$ 693,000	\$ 1,850,000	\$ 367,153	\$ 2,910,153
Additions	-	300,000	616,481	916,481
Change in value	-	-	(99,061)	(99,061)
Impairment	-	(1,850,000)	-	(1,850,000)
Disposal	-	-	(403,622)	(403,622)
Balance as of December 31, 2025	\$ 693,000	\$ 300,000	\$ 480,951	\$ 1,473,951
Change in value	-	-	(25,309)	(25,309)
Balance as of March 31, 2026	\$ 693,000	\$ 300,000	\$ 455,642	\$ 1,448,642
Accumulated Depreciation				
Balance as of January 1, 2025	\$ (308,000)	\$ (370,000)	\$ -	\$ (678,000)
Amortization	(43,752)	(188,219)	-	(231,971)
Impairment	-	558,219	-	558,219
Balance as of December 31, 2025	\$ (351,752)	\$ -	\$ -	\$ (351,752)
Amortization	(12,031)	-	-	(12,031)
Balance as of March 31, 2026	\$ (363,783)	\$ -	\$ -	\$ (363,783)
Net Book Value				
March 31, 2026	\$ 329,217	\$ 300,000	\$ 455,642	\$ 1,084,859
December 31, 2025	\$ 341,248	\$ 300,000	\$ 480,951	\$ 1,122,199

Future amortization of intangible assets are as follows:

Year Ending December 31,	
2026	\$ 66,094
2027	78,125
2028	78,125
2029	78,125
2030	78,125
Thereafter	250,623
Total Future Amortization	\$ 629,217

8. Assets Held for Sale

As of March 31, 2026 and December 31, 2025, the Company has classified certain long-lived assets as held for sale in accordance with ASC 360-10-45-9. These assets met the criteria for classification as held for sale, including management's commitment to a plan to sell, active marketing at a price reasonable in relation to fair value, and the expectation that the sale will be completed within one year. The asset held for sale consists of a cultivation and processing cannabis license located in Clark County, Nevada, with a carrying value of \$400,000 as of March 31, 2026. These licenses are not currently being utilized in the Company's operations, and management is actively pursuing a sale to a third party.

During the year ended December 31, 2025, the Company management determined that a \$1,045,483 impairment was deemed necessary, leaving a balance outstanding as of March 31, 2026 and December 31, 2025 of \$400,000.

9. Accounts Payable and Other Accrued Liabilities

As of March 31, 2026 and December 31, 2025, accounts payable and other accrued liabilities consisted of the following:

	March 31, 2026	December 31, 2025
Accounts payable	\$ 3,357,767	\$ 2,829,212
Accrued liabilities	1,852,453	1,939,322
Total accounts payable and other accrued liabilities	\$ 5,210,220	\$ 4,768,534

10. Derivative liabilities

During June 2019, the Company entered into a private placement financing by issuing approximately \$14,671,000 senior secured convertible debentures (see "Note 12 - Convertible Debentures") and 14,671 share purchase warrants that contain a non-fixed conversion ratio into the Company's shares and exercise price, respectively. During September 2022, 75% of the senior secured convertible debentures balance was modified such that the conversion price into the Company's common stock was denominated in a currency other than the Company's functional currency. As a result, the conversion options did not have a fixed conversion rate.

In accordance with ASC 815-40, *Financial Instruments*, a contract to issue a variable number of equity shares fails to meet the definition of equity. Accordingly, such a contract or instrument would be accounted for as a derivative liability and measured at fair value with changes in fair value recognized in the Condensed Consolidated Statements of Operations and Comprehensive Loss at each period-end.

During the three months ended March 31, 2026 and year ended December 31, 2025, the Company issued 8,152,200 and 68,759,139, respectively, additional warrants that contain a non-fixed conversion ratio in that the conversion price into the Company's stock was denominated in a currency other than the Company's functional currency. The fair values of the warrants issued in these capital raises of \$1,103,118 and \$1,108,808, respectively, were netted in equity against the gross proceeds received from the issuance of common shares of \$1,500,000 and \$1,350,707, respectively.

On March 12, 2026, the Company issued 10,726,579 Series A-1 preferred shares in a private placement for gross proceeds of \$3,000,000. Each preferred share is convertible, at the option of the holder at any time, into one common share of the Company at a conversion price of CAD \$0.38 per common share, subject to customary adjustments. This conversion provision contains a non-fixed conversion ratio. The Company estimated the fair value of the conversion feature at issuance using a Black-Scholes model, resulting in initial recognition of a derivative liability of \$910,517, with the residual proceeds of \$2,089,483 recorded as additional paid-in capital. The Level 3 inputs used in the valuation are included in the assumptions table below.

The Company used the Black-Scholes model to estimate the fair value of the derivative liabilities for the warrants.

The following assumptions were used by management to determine the fair value of the derivative liabilities as of March 31, 2026 and December 31, 2025:

	March 31, 2026	December 31, 2025
Expected stock price volatility	74.51% - 154.37%	45.32% - 242.68%
Risk-free annual interest rate	3.51% - 3.92%	3.47% - 4.41%
Expected life (years)	0.03 – 3.15	0.03 – 3.15
Exercise price	\$ 0.22 - \$0.29	\$ 0.10 - \$0.23

A reconciliation of the beginning and ending balance of derivative liabilities and change in fair value of the derivative liabilities is as follows for the three months ended March 31, 2026 and year ended December 31, 2025:

	March 31, 2026	December 31, 2025
Balance as of beginning of period	\$ 8,893,600	\$ 9,007,907
Change in fair value	390,405	(8,934,632)
Loss from extinguished liability	-	7,711,508
Modification of warrants	217,255	-
Initial recognition of new preferred share conversion feature	910,517	-
Initial recognition of new warrants	1,103,118	1,108,817
Balance as of end of the period	11,514,895	8,893,600
Less: Derivative liabilities, short term	-	-
Derivative liabilities, long term	\$ 11,514,895	\$ 8,893,600

11. Notes Payable

As of March 31, 2026 and December 31, 2025 notes payable consisted of the following:

	March 31, 2026	December 31, 2025
Secured promissory notes dated November 2018 through September 2024 issued to finance equipment acquisitions which mature from December 2023 through October 2030, and bear interest of 3.12% to 10.99% with principal and interest payments due monthly.	\$ 272,981	\$ 285,666
Small Business Administration loan which bears interest at 1% with interest payments due monthly.	11,000	11,000
Secured promissory note dated May 25, 2023, which matures in May 2028	5,685,501	5,840,539
Secured promissory note dated September 19, 2023, which matures in September 2028 and bears interest of 4%	4,199,000	4,199,000
Secured promissory note dated September 20, 2024, which matures on September 19, 2025 and bears interest of 19%	13,945	27,892
Secured promissory note dated April 2025, which matures in March 2026 and bears interest of 12%	-	65,326
Secured promissory note dated April 2025, which matures in August 2026 and bears interest of 20%	308,989	308,989
Secured promissory note dated May 2025, which matures in April 2027 and bears interest of 16%	38,390	46,344
Total Notes payable	\$ 10,529,806	\$ 10,784,756
Less current portion	(864,557)	(1,001,395)
Total notes payable, net of current	\$ 9,665,249	\$ 9,783,361

A reconciliation of the beginning and ending balances of notes payable for the three months ended March 31, 2026 and year ended December 31, 2025 is as follows:

	March 31, 2026	December 31, 2025
Balance as of beginning of period	\$ 10,784,756	\$ 10,584,037
Modification of notes payable and warrants	(217,255)	-
Non-cash note additions	-	245,050
Financed equipment	-	433,112
Financing arrangements	-	-
Amortization of debt discount	212,217	993,024
Resale of note payable to related party	-	(350,000)
Interest classified to debt	-	89,089
Non-cash note repayment	-	(50,423)
Cash repayments	(249,912)	(1,159,133)
Balance as of end of period	\$ 10,529,806	\$ 10,784,756

On May 25, 2023, the Company entered into a Loan Agreement with ADSB for a total of \$7,000,000 which is zero-interest bearing. The loan was issued in connection with 5,687,500 detached warrants which are immediately exercisable at a price of CAD\$0.80 per share (USD \$0.60) for a period of 60 months from the date of issuance. Upon full repayment of the loan, which is expected in 2028 the Company will transfer 720,000 Class A Units of ADSB to the lender. Both the warrants and the ADSB transfer were determined to create a debt discount totaling \$3,809,659 that is amortized over the term of the loan. During the years ended December 31, 2025 and 2024, amortization of the debt discount of \$993,024 and \$993,824, respectively, were recorded. On February 27, 2026, Anderson Development SB, LLC, a subsidiary of the Company, entered into Amendment No. 1 to its Loan Agreement and Promissory Note Secured by Deed of Trust with Arbor Ranch SB, LLC (the "Lender"), originally dated May 25, 2023, pursuant to which the Lender had loaned the Borrower up to \$7,000,000. The Amendment modifies the repayment schedule, providing for twelve monthly installments of \$50,000 for calendar year 2026, totaling \$600,000, with the first payment of \$150,000 due March 15, 2026 (covering January, February, and March 2026). Normal repayment terms resume January 1, 2027, and the Borrower shall make a one-time catch-up payment of \$484,638 on August 30, 2027. The Lender also waived all events of default existing as of the date of the Amendment. Concurrently, the Company amended and restated a warrant to purchase common stock originally issued to James Shields on May 25, 2023, reducing the exercise price to CAD\$0.30 per share and extending the exercise period by five years from February 27, 2026. This was determined to represent a modification of note payable and related warrants. An increase to the debt discount of \$217,255 was recorded upon modification and will be amortized to interest expense over the remaining life of the note.

On September 30, 2023, the Company entered into a Loan Agreement with the Salisbury Canyon Ranch, LLC for a total of \$4,199,000 which bears interest at 4% per annum. The Company will make interest-only payments for a period of three years at which point blended interest and principal payments will be made for an additional two years, with a balloon payment due at that time.

12. Convertible Debentures

A reconciliation of the beginning and ending balances of convertible debentures for the three months ended March 31, 2026 and year ended December 31, 2025 is as follows:

	March 31, 2026	December 31, 2025
Balance as of beginning of period	\$ -	\$ 9,976,000
Conversions of debt and accrued interest (1)	-	(10,755,398)
Accrual of interest	-	779,398
Balance as of end of period	\$ -	\$ -

(1) Upon conversion, both common stock and warrants were issued. The value of the conversion feature and warrants recorded to equity during the year ended December 31, 2025 was \$3,047,140 with \$7,708,258 recorded as a derivative liability for warrants issued and netted against the transaction recorded to equity.

Senior Debentures

On June 6, 2019, the Company entered into a convertible senior secured debenture (the “Senior Debentures”) in an aggregate principal amount not to exceed \$35,000,000 with accredited investors and qualified institutional buyers wherein the Senior Debentures would mature on June 6, 2022 and bear interest at a rate of 9.0%. The Senior Debentures were issued from time to time at the election of the Company pursuant to one or more subscription agreements.

The Senior Debentures contained two conversion features wherein the conversion rate was equal to \$1,000 principal amount of debentures divided by the conversion price, which is the lesser of (i) the price that is a 25% discount to the liquidity event price and (ii) the price determined based on a pre-money enterprise value of the Company of \$150,000,000. The initial conversion rate shall be determined immediately upon the consummation of a liquidity event and shall be subject to adjustment. Conversion options were determined to be a derivative under ASC 825, *Financial Instruments*, as the option(s) were denominated in a currency other than the Company’s functional currency. See “*Note 10 – Derivative Liabilities*” for further details. There have been various amendments and conversions that have occurred through present specifically amendments in calendar year 2022 and 2024.

In December 2025, the Company converted the outstanding convertible debentures and accrued interest totaling approximately \$10.7 million into 60,155,339 common shares at a conversion price of approximately CAD\$0.25 per share, a change from the stated conversion terms, which also triggered the issuance of 60,155,339 warrants to purchase the Company’s common stock, together valued at \$16.9 million. The Company recorded a loss on extinguishment of debt as part of this transaction.

In connection with the initial issuance of the Senior Debentures, share purchase warrants (“Senior Warrants”) exercisable into common shares based on its issue price divided by its conversion price were also issued. The warrants are exercisable upon the occurrence of a liquidity event, as defined in the Senior Warrant agreement, and the exercise period is the 24 months following the liquidity event date, provided that if a liquidity event has not occurred within five (5) years from the initial closing date of this offering, the warrants shall expire. The embedded conversion feature of the Senior Debentures has been deemed to be a derivative. See “*Note 10 – Derivative Liabilities*” for further details. Subsequent to the merger with LEEF, the Senior Warrants were effectively issued as part of the share exchange terms noted in the Merger Agreement between LEEF and Icanic. As such, there were 6,616,800 warrants issued from the original 527,338 warrants of LEEF due to the agreed upon 12.55 conversion ratio. See “*Note 17 – Share Capital*” for further details on warrant activity for the three months ended March 31, 2026 and year ended December 31, 2025. As a result of the non-fixed number of shares the Additional Senior Debentures can be converted or exercised into, these features were recognized as a derivative liability (see “*Note 10 – Derivative Liabilities*”).

13. Lease Liabilities

The Company's facilities are leased under a number of leases, all of which have been classified as operating leases in accordance with ASC 842, *Leases*. Operating lease right-of-use assets and operating lease liabilities are recognized based on the present value of future minimum lease payments over the lease term at commencement date.

The Company used an incremental borrowing rate between 12% to 15%. Total future payments under lease agreements are further disclosed in Note 15 – Financial Instruments and Financial Risk Management.

The undiscounted lease liabilities are as follows:

Year Ending December 31,	
2026	\$ 321,961
2027	437,483
2028	374,218
2029	236,577
2030	242,492
Thereafter	<u>1,876,477</u>
Total Future Minimum Lease Payments	\$ 3,489,208
Less: Interest	(1,711,465)
Present Value of Lease Liabilities	1,777,743
Less: Current Portion of Lease Liabilities	(167,154)
Lease Liabilities, Net of Current Portion	<u>\$ 1,610,589</u>

14. Contingent Consideration and Consideration Payable

In October 2021, the Company entered into a Membership Interest Unit Purchase Agreement with Anderson Development SB, LLC ("ADSB") to acquire 100% of the outstanding membership interest units. As consideration for the interest units, the Company agreed to an Earnout Consideration ("Earnout") in the amount equal to 200% of the investment amount in ADSB. The Earnout shall be contingent upon ADSB successfully obtaining a land use permit and a business license to conduct cannabis cultivation by February 28, 2025. As of December 31, 2021 there was a remote probability of this occurring before the Earnout Deadline. During the year ended December 31, 2022, Management determined it became highly probable ADSB would acquire the permit and license within the allotted time. This was based on a large change and turnaround in the cultivation market during the year ended December 31, 2022. As such, the Company recorded an additional contingent consideration for the Earnout that is expected to be paid out totaling \$2,400,000.

Pursuant to the terms of the merger agreement, former LEEF shareholders will also be entitled to receive the following contingent Earn-out Payments, On July 20, 2023, an amount equal to 10% of (A) the product equal to two times the TTM revenue calculated for the 12-month period immediately following closing minus (B) \$120 million; on July 20, 2024, an amount equal to 10% of (A) the product equal to two times the TTM revenue calculated for the 12-month period immediately following the date that is one year from the closing date minus (B) the \$120 million and minus (C) any amounts paid pursuant to the First Earn-Out Payment; and on July 20, 2025, an amount equal to 10% of (A) the product equal to two times the TTM revenue calculated for the 12-month period immediately following the date that is two years from the closing date minus (B) \$120 million, minus (C) any amounts paid pursuant to the First Earn-Out Payment, minus (D) any amounts paid pursuant to the Second Earn-Out Payment. The original value of the total earnout as of April 20, 2022 was \$3,972,000. Each of the Earn-Out Payments will be satisfied in full through the issuance of common shares of the Company based on the 30-day volume weighted average trading price of the shares on the Canadian Securities Exchange for the period ending on the business day prior to the issuance.

During the year ended December 31, 2025, payments related to ADSB totaling \$160,000 were made, leaving a balance of \$340,000 outstanding as of December 31, 2025. During the three months ended March 31, 2026, payments related to ADSB totaling \$235,000 were made, leaving a balance of \$105,000 outstanding as of March 31, 2026.

15. Financial Instruments and Financial Risk Management

Financial Instruments

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

Financial instruments are measured at amortized cost or at fair value. Financial instruments measured at amortized cost consist of accounts receivable, and accounts payable and accrued liabilities wherein the carrying value approximates fair value due to its short-term nature. Other financial instruments measured at amortized cost include notes payable, lease liabilities, and convertible debentures wherein the carrying value at the effective interest rate approximates fair value as the interest rate for notes payable and the interest rate used to discount the host debt contract for convertible debentures approximate a market rate for similar instruments offered to the Company.

Cash are measured at Level 1 inputs. Derivative assets and derivative liabilities are measured at fair value based on the Black-Scholes option-pricing model, which uses Level 3 inputs. Convertible debentures are measured at fair value based on the Monte Carlo and Black-Scholes simulation model, which uses Level 3 inputs.

The following table summarizes the Company's financial instruments as of March 31, 2026:

Financial assets:	Amortized Cost	Fair Value	Total
Cash	\$ -	\$ 5,755,972	\$ 5,755,972
Accounts receivable	\$ 2,634,041	\$ -	\$ 2,634,041
Financial liabilities:			
Accounts payable and other accrued liabilities	\$ 5,210,220	\$ -	\$ 5,210,220
Notes payable	\$ 10,529,806	\$ -	\$ 10,529,806
Derivative liabilities	\$ -	\$ 11,514,895	\$ 11,514,895
Lease liabilities	\$ 1,777,743	\$ -	\$ 1,777,743

The following table summarizes the Company's financial instruments as of December 31, 2025:

Financial assets:	Amortized Cost	Fair Value	Total
Cash	\$ -	\$ 2,190,722	\$ 2,190,722
Accounts receivable	\$ 1,592,653	\$ -	\$ 1,592,653
Financial liabilities:			
Accounts payable and other accrued liabilities	\$ 4,768,534	\$ -	\$ 4,768,534
Notes payable	\$ 10,784,756	\$ -	\$ 10,784,756
Derivative liabilities	\$ -	\$ 8,893,600	\$ 8,893,600
Lease liabilities	\$ 1,819,405	\$ -	\$ 1,819,405

The carrying values of the Company's financial instruments carried at amortized cost approximate fair values due to their short duration.

Financial Risk Management Objectives and Policies

The Company is exposed to various financial risks resulting from both its operations and its investments activities. The Company's management, with the Board of Directors oversight, manages financial risks. Where material, these risks will be reviewed and monitored by the Board of Directors.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and receivables. The Company's cash is held through United States and Canadian financial institutions and no losses have been incurred in relation to these items. The carrying amount of cash, promissory note receivable, and trade and other receivables represent the maximum exposure to credit risk. As of March 31, 2026 and December 31, 2025, the net amount of maximum exposure risk was \$8,390,013 and \$3,783,375, respectively.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

The Company has the following contractual obligations as of March 31, 2026:

	<1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
Accounts payable and other accrued liabilities	\$ 5,210,220	\$ -	\$ -	\$ -	\$ 5,210,220
Related party payables	\$ 1,423,902	\$ -	\$ -	\$ -	\$ 1,423,902
Tax payable	\$ 80,411	\$ 16,190,724	\$ -	\$ -	\$ 16,271,135
Notes Payable	\$ 864,557	\$ 8,665,249	\$ 1,000,000	\$ -	\$ 10,529,806
Derivative liabilities	\$ -	\$ 11,514,895	\$ -	\$ -	\$ 11,514,895
Lease liabilities	\$ 167,154	\$ 98,395	\$ 405,096	\$ 1,107,098	\$ 1,777,743

The Company has the following contractual obligations as of December 31, 2025:

	<1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
Accounts payable and other accrued liabilities	\$ 4,768,534	\$ -	\$ -	\$ -	\$ 4,768,534
Related party payables	\$ 1,916,770	\$ -	\$ -	\$ -	\$ 1,916,770
Tax payable	\$ 161,770	\$ 15,219,548	\$ -	\$ -	\$ 15,381,318
Convertible debentures	\$ -	\$ -	\$ -	\$ -	\$ -
Notes Payable	\$ 1,001,395	\$ 8,783,361	\$ 1,000,000	\$ -	\$ 10,784,756
Derivative liabilities	\$ -	\$ 8,893,600	\$ -	\$ -	\$ 8,893,600
Lease liabilities	\$ 160,285	\$ 399,215	\$ 113,155	\$ 1,146,750	\$ 1,819,405

Currency risk

The Company is exposed to currency risk related to the fluctuation of foreign exchange rates and the degree of volatility of those rates. Currency risk is limited to the portion of the Company's business transactions and balances denominated in currencies other than the United States dollar.

Assuming all other variables remain constant, a fluctuation of +/- 5.0 percent in the exchange rate between the United States dollar and the Canadian dollar would impact the carrying value of the net monetary assets by approximately +/- \$548,000. To date, the Company has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash bear interest at market rates. The Company's financial liabilities have fixed rates of interest and therefore expose the Company to a limited interest rate fair value risk.

Crypto Currency Risk

We hold Bitcoin as part of our treasury assets. The value of Bitcoin is highly volatile and can be influenced by various factors, including market demand, regulatory developments, technological changes, and broader economic conditions. A significant decline in Bitcoin's market price could adversely affect our financial condition and results of operations. Additionally, the evolving regulatory landscape for digital assets may impose new compliance requirements or restrictions, potentially impacting our ability to hold or transact in Bitcoin. Security risks, such as cyberattacks or loss of private keys, could also result in the loss of our Bitcoin holdings. These factors collectively pose risks to our business and financial performance.

16. Related Party Transactions

Key Management Compensation

Key management personnel are persons responsible for planning, directing, and controlling activities of an entity, and include executive and non-executive persons. During the three months ended March 31, 2026 and the three months ended March 31, 2025, the Company recognized approximately \$440,000 and \$470,000, respectively, in compensation and stock-based compensation provided to key management.

Related Party Transactions

As of March 31, 2026, the Company had related party payables of \$1,423,902 (December 31, 2025 - \$1,916,770). During the three months ended March 31, 2026 and the year ended December 31, 2025, the Company repaid \$492,868 and \$396,000, respectively, comprising \$350,000 in notes payable repayments and \$142,868 in net reduction of related party trade payables.

As of March 31, 2026 and December 31, 2025, the Company had accrued approximately \$0 and \$396,000, respectively, of expenses to a farming company that is owned by a member of management and shareholder with approximately \$275,000 and \$390,000, respectively, unpaid as of period end.

On November 2, 2021, the Company acquired 100% of the outstanding membership interests of Anderson Development SB, LLC ("ADSB") from third parties and a controlling interest holding related party in exchange for approximately \$1,440,000 plus up to an additional \$2,400,000 of consideration (the "Contingent Consideration") (collectively, the "Consideration"). The Consideration is payable in common stock. See Note 14 – Contingent Consideration and Consideration Payable for further information.

In December 2025, Micah Anderson, a director and officer of the Company, converted \$337,400 of accrued liabilities and interest and \$644,679.93 of outstanding notes payable into 5,498,469 common shares of the Company at a conversion price of CAD\$0.25 per share. The conversion was completed on the same terms as the Company's broader convertible debenture conversion transaction completed in December 2025. The terms of this conversion were established at the time the notes payable were originally issued and were not modified in connection with Mr. Anderson's conversion. This transaction was reviewed and approved by the disinterested members of the Board of Directors.

During the year ended December 31, 2025, the Company entered into a note payable with a principal balance of \$350,000 with annual interest of 0% that matures January 6th, 2026. This note was repaid in full on January 6th, 2026. The Company also entered into notes payable totalling \$994,680, including cash received of \$749,630 and the exchange of accrued liabilities and other related party payables totaling \$245,050, with annual interest of 0% and no stated maturity. During the year ended December 31, 2025, the Company made payments against these notes of \$396,000.

17. Share Capital

Authorized capital

The Company's authorized share capital consists of:

- an unlimited number of common shares without par value; and
- an unlimited number of preferred shares issuable in series.

Common shares

For the three months ended March 31, 2026:

- On March 12, 2026, the Company issued 8,152,200 common shares to two investors for cash proceeds of \$1,500,000. Warrants issued with the common shares with an issuance date fair value of \$1,103,119 were netted against the gross proceeds, yielding net proceeds of \$396,881.
- On March 24, 2026, 135,206 common shares previously issued to an investor were returned to treasury for \$30,742.

As of March 31, 2026, the Company had 265,964,990 common shares issued and outstanding.

For the three months ended March 31, 2025:

- On January 13, 2025, the Company issued 1,858,032 common shares at an average price of CAD \$0.6660 per share totaling \$935,618 to the former shareholders of The Leaf at 73740 LLC.
- On March 12, 2025, the Company issued 600,000 common shares for services, with a grant date fair value of \$100,000.

Preferred shares

For the three months ended March 31, 2026:

- On March 12, 2026, the Company issued 10,726,579 Series A-1 preferred shares to an investor in a private placement for aggregate gross proceeds of \$3,000,000 (CAD \$0.38 per share, determined using the Bank of Canada USD:CAD exchange rate published two business days prior to closing). The preferred shares have no par value and were issued under the authority in the Company's articles to issue an unlimited number of preferred shares in series. Each preferred share is convertible, at the option of the holder at any time, into one common share of the Company at a conversion price of CAD \$0.38 per common share, subject to customary adjustments. This conversion provision was determined to have an inception date fair value of \$910,517, which was netted against the gross proceeds, yielding net proceeds of \$2,089,483. At any time after the eighteen-month anniversary of issuance (September 12, 2027), the Company may cause all outstanding preferred shares to be converted into common shares at the conversion price then in effect, upon the occurrence of either (i) a change of control of the Company, or (ii) the 20-day volume-weighted average trading price of the common shares being at least CAD \$0.70 during any 20-trading-day period following the eighteen-month anniversary. The preferred shares are entitled to cumulative dividends at a rate of 15% per annum, payable quarterly in arrears. Two-thirds of each dividend (equal to 10% per annum) is payable in cash, and one-third (equal to 5% per annum) is payable in kind in additional preferred shares. The Company may, on one or more occasions, defer the cash portion of a dividend payment until the next succeeding dividend payment date; however, if a cash dividend payment is deferred by more than 45 days, the full 15% per annum rate applies to the deferred cash portion (rather than 10%). In the event of a liquidation, dissolution or winding-up of the Company, holders of preferred shares are entitled to receive, in preference to holders of common shares, an amount equal to CAD \$0.38 per preferred share plus any declared but unpaid dividends, before any distribution is made to common shareholders. Except as required by law, the preferred shares do not carry voting rights and holders of preferred shares are not entitled to vote at any shareholder meeting. Upon conversion, the resulting common shares carry the voting rights associated with common shares. The preferred shares are not redeemable at the option of either the holder or the Company. The preferred shares and the underlying conversion shares are subject to a four-month hold period under Canadian securities laws and CSE policies, and have not been and will not be registered under the U.S. Securities Act; they were issued in reliance on Section 4(a)(2) and/or Regulation D under the U.S. Securities Act. The Company has covenanted to use its best efforts, following expiry of the applicable hold periods, to register the conversion shares for sale on the Canadian Securities Exchange, or other similar exchange.

As of March 31, 2026, the Company had 10,726,579 Series A-1 preferred shares issued and outstanding.

Warrants

In August 2025, in connection with the equity issuance in Q3 2025, a total of 8,603,800 warrants to purchase the Company's stock were issued. The warrants are exercisable at a price of CAD\$0.30 per share (USD \$0.22) for a period of 24 months from the date of issuance. The Company recorded a derivative liability of \$1,108,817 related to the issuance of these warrants during the year ended December 31, 2025.

In December 2025, in connection with the conversion of convertible debentures, a total of 60,155,339 warrants to purchase the Company's stock were issued. The warrants are exercisable at a price of CAD\$0.30 per share (USD \$0.22) for a period of 36 months from the date of issuance. The Company recorded a derivative liability of \$7,708,258 related to the issuance of these warrants during the year ended December 31, 2025.

On February 27, 2026, the Company amended and restated a warrant to purchase common stock originally issued on May 25, 2023, reducing the exercise price from CAD \$0.80 to CAD\$0.30 per share and extending the exercise period by five years from February 27, 2026 to February 26, 2031.

In March 2026, in connection with the equity issuance in Q1 2026, a total of 8,152,200 warrants to purchase the Company's stock were issued. The warrants are exercisable at a price of CAD\$0.30 per share (USD \$0.22) for a period of 24 months from the date of issuance. The Company recorded a derivative liability of \$1,103,118 related to the issuance of these warrants during the three months ended March 31, 2026.

The following table summarizes the warrants outstanding that remain outstanding as of March 31, 2026:

Expiration Date	Outstanding	Exercise Price
April 19, 2026	22,395,950	\$ 1.10
August 19, 2026	2,742,519	\$ 0.44
December 9, 2026	8,473,500	\$ 0.29
December 15, 2026	2,341,600	\$ 0.29
August 14, 2027	8,603,800	\$ 0.22
March 19, 2028	8,152,200	\$ 0.22
November 30, 2028	60,155,339	\$ 0.22
February 26, 2031	5,687,500	\$ 0.22
Total warrants outstanding	118,552,408	

2019 Stock incentive plan

The omnibus 2019 stock incentive plan permits the Board of Directors of the Company to grant options to employees and non-employees to acquire common shares of the Company at fair market value on the date of approval by the Board of Directors. Vesting is determined on an award-by-award basis.

There were a total of 1,035,000 and 579,744 options granted during the three months ended March 31, 2026 and year ended December 31, 2025, respectively. As of March 31, 2026 and December 31, 2025, there were 13,077,060 and 12,042,060, respectively, options outstanding. For the three months ended March 31, 2026 and 2025, there was \$6,577 and \$234,668, respectively, of share-based compensation expense related to the 2019 stock incentive plan. For the three months ended March 31, 2026 and year ended December 31, 2025, there were 0 and 302,666 options exercised. All option exercises were on a cashless basis.

Stock option activity is summarized as follows:

	Number of Stock Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value
Balance as of December 31, 2024	13,815,048	\$ 0.39	4.21	\$ 740,452
Granted	579,744	\$ 0.19	9.06	\$ 27,854
Exercised	(302,666)	\$ 0.15	4.09	\$ 55,575
Forfeited	(2,050,066)	\$ 0.15	4.15	\$ 68,400
Balance as of December 31, 2025	12,042,060	\$ 0.38	3.35	\$ 644,330
Granted	1,035,000	\$ 0.20	9.90	\$ 46,575
Balance as of March 31, 2026	13,077,060	\$ 0.37	3.40	\$ 690,905

The Company used the Black-Scholes Option Pricing model to estimate the fair value of the options granted during the three months ended March 31, 2026 and year ended December 31, 2025, using the following range of assumptions:

	March 31, 2026	December 31, 2025
Expected stock price volatility	156.19%	156.11% - 239.57%
Risk-free annual interest rate	3.71%	4.11% - 5.23%
Expected life (years)	6.5	1.5 - 9.8
Expected annual dividend yield	0.00%	0.00%

The following table summarizes the stock options that remain outstanding as of March 31, 2026:

Exercise Price (CAD\$)	Date	Outstanding	Exercisable	Vesting Condition
\$ 0.25	October 2026	300,000	141,667	One year vesting
\$ 0.25	November 2026	300,000	300,000	One year vesting
\$ 0.65	February 2029	12,548	12,548	One year vesting
\$ 0.65	February 2029	76,009	76,009	Immediate vesting
\$ 0.65	February 2029	2,560,083	2,560,083	Three year vesting
\$ 0.65	February 2029	6,274	6,274	Immediate vesting
\$ 0.65	February 2029	264,836	264,836	Immediate vesting
\$ 0.65	July 2029	2,824,918	2,824,918	Immediate vesting
\$ 0.15	October 2029	60,000	60,000	One year vesting
\$ 0.15	November 2029	1,985,000	1,985,000	One year vesting
\$ 0.15	November 2029	1,957,500	1,957,500	One year vesting
\$ 0.01	October 2030	887,112	887,112	One year vesting
\$ 1.05	October 2031	31,369	31,369	Immediate vesting
\$ 0.15	July 2034	66,667	66,667	Immediate vesting
\$ 0.15	July 2034	66,667	66,667	One year vesting
\$ 0.15	July 2034	200,000	111,111	Three year vesting
\$ 0.20	January 2035	443,077	443,077	One year vesting
\$ 0.25	February 2035	1,035,000	28,750	Three year vesting
		13,077,060	11,823,588	

Restricted Share Unit Plan

In December 2022, the Company formally adopted the Restricted Share Unit Plan ("RSU Plan"). The RSU Plan permits the Board of Directors of the Company to grant Restricted Share Units ("RSU's") to employees and non-employees to acquire common shares of the Company at fair market value on the date of approval by the Board of Directors. Vesting is determined on an award-by-award basis. The granted shares are not considered outstanding until exercised. During the three months ended March 31, 2026 and year ended December 31, 2025, 0 and 26,084,258 units were granted, 0 and 10,128,496 units were vested, 0 and 7,380 were forfeited, and 0 and 7,185,206 were exercised, respectively. For the three months ended March 31, 2026 and 2025, the Company recognized share-based compensation expense of \$482,890 and \$232,794, respectively, for units that were vested. The average grant-date fair value of the RSU's during the year ended December 31, 2025 was \$0.20.

Restricted share unit activity is summarized as follows:

	Number of Restricted Share Units	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life
Balance as of December 31, 2024	7,192,586	\$ 0.17	4.73
Granted	26,084,258	\$ 0.20	4.96
Exercised	(7,185,206)	\$ 0.15	3.87
Forfeited	(7,380)	\$ 0.15	3.87
Balance as of December 31, 2025	26,084,258	\$ 0.20	4.71
Granted	-	\$ -	-
Exercised	-	\$ -	-
Forfeited	-	\$ -	-
Balance as of March 31, 2026	26,084,258	\$ 0.20	4.71

Reserves

Reserves includes accumulated foreign currency translation adjustments and the accumulated fair value of share-based compensation and warrants transferred from share-based payment reserve and warrant reserve upon cancellation or expiry of the share options and warrants.

18. Income tax expense

The Company's provision for income taxes for the three months ended March 31, 2026 and 2025 was \$974,580 and \$721,113, respectively. The effective tax rate for the Company's cannabis operations is significantly affected by the application of Section 280E of the Internal Revenue Code, which disallows certain deductions and credits for businesses trafficking in Schedule I controlled substances, including cannabis.

As of March 31, 2026 and December 31, 2025, the Company's uncertain tax position liability was \$16,190,724 and \$15,219,548, respectively. The increase during the three months ended March 31, 2026 reflects the continued accrual of potential tax liabilities associated with the Company's cannabis operations.

The Company has a deferred tax liability of \$766,796 as of March 31, 2026 and December 31, 2025 generated from the non-goodwill intangible assets acquired in the 2023 business combination.

Uncertain Tax Positions

As the Company operates in the cannabis industry, it is subject to the limits of U.S. IRC Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under U.S. IRC Section 280E.

During the three months ended March 31, 2026, the Company has filed its previous years tax filing to become compliant through calendar year 2025. The Company has recorded the income tax payable as an uncertain tax position long-term liability on the balance sheets as of March 31, 2026 and December 31, 2025. The computed interest and penalty amounts are also included within current income tax provision on the statement of operations and comprehensive income (loss) in the accompanying financial statements for the three months ended March 31, 2026 and 2025.

19. Commitments and contingencies

Contingencies

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of these regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulations as of March 31, 2026 and December 31, 2025, marijuana regulations continue to evolve and are subject to differing interpretations. In addition, the use, sale, and possession of cannabis in the United States, despite state laws, is illegal under federal law. However, individual states have enacted legislation permitting exemptions for various uses, mainly for medical and industrial use but also including recreational use. As a result of the differing state and federal laws, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

Cryptocurrency acquisition restriction. In connection with the March 12, 2026 private placement of Series A-1 preferred shares to La Jefa Partners, LLC, the Company has covenanted that, for a period of twenty-four months following the closing date (through March 12, 2028), the Company will not acquire any cryptocurrency, including Bitcoin, other than nominal amounts accepted in business-to-business transactions.

Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of March 31, 2026 and December 31, 2025, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. As of March 31, 2026 and December 31, 2025, there are also no proceedings in which any of the Company's directors, officers, or affiliates is an adverse party to the Company or has a material interest adverse to the Company's interest.

20. Segmented Information

Operations by reportable segment for the three months ending March 31, 2026 and 2025 are as follows:

	Three Months Ended March 31, 2026			
	Wholesale Concentrates	Retail	Corporate & Other	Total
Net revenue	\$ 8,490,773	\$ 886,229	\$ -	\$ 9,377,002
Cost of sales	4,283,813	468,539	-	4,752,352
Gross profit	4,206,960	417,690	-	4,624,650
Operating expenses				
Advertising and promotion	8,722	17,894	7,721	34,337
Depreciation and amortization	235,183	2,321	47,986	285,490
Wages and salaries	418,669	215,426	1,055,595	1,689,690
Office and general expenses	440,639	69,434	91,518	601,591
Research and development expenses	2,081	-	-	2,081
Legal and professional fees	39,653	30,000	224,643	294,296
License and compliance	(4,956)	9,327	1,335	5,706
Insurance expenses	7,945	8,073	82,069	98,087
Excise and other taxes	46,600	8,551	15	55,166
Lease expenses	122,583	60,977	679	184,239
Travel and business development	45,267	2,256	42,777	90,300
Total operating expenses	1,362,386	424,259	1,554,338	3,340,983
Income (loss) from operations	2,844,574	(6,569)	(1,554,338)	1,283,667
Other expense				
Interest expense	266,110	550	50,174	316,834
Change in fair value derivative liability	-	-	390,405	390,405
Other expense (income)	-	-	28,101	28,101
Total other expense	266,110	550	468,680	735,340
Income (loss) before provision for income taxes	2,578,464	(7,119)	(2,023,018)	548,327
Provision for income taxes	1,206	-	973,374	974,580
Net income (loss) and comprehensive income (loss)	2,577,258	(7,119)	(2,996,392)	(426,253)
Foreign currency translation	-	-	-	-
Net loss and comprehensive loss attributable to non-controlling interest	-	-	-	-
Net income (loss) and comprehensive income (loss) attributable to shareholders of Leef Brands, Inc.	\$ 2,577,258	\$ (7,119)	\$ (2,996,392)	\$ (426,253)

Three Months Ended March 31, 2025

	Wholesale Concentrates	Retail	Corporate & Other	Total
Net revenue	\$ 8,380,413	\$ 1,017,848	\$ -	\$ 9,398,261
Cost of sales	5,922,610	1,402,361	-	7,324,971
Gross profit	2,457,803	(384,513)	-	2,073,290
Operating expenses				
Advertising and promotion	30,878	49,317	58,968	139,163
Depreciation and amortization	243,393	26,507	24,603	294,503
Wages and salaries	431,504	246,538	1,202,717	1,880,759
Office and general expenses	552,555	120,634	124,228	797,417
Research and development expenses	8,628	-	-	8,628
Legal and professional fees	139,382	14,501	334,056	487,939
License and compliance	12,760	-	-	12,760
Insurance expenses	2,717	(5,637)	102,491	99,571
Excise and other taxes	48,437	-	-	48,437
Lease expenses	(30,097)	-	188,499	158,402
Travel and business development	40,074	1,073	12,109	53,256
Total operating expenses	1,480,231	452,933	2,047,671	3,980,835
Income (loss) from operations	977,572	(837,446)	(2,047,671)	(1,907,545)
Other expense				
Interest expense	325,735	49,561	217,205	592,501
Change in fair value derivative liability	-	-	(3,538,440)	(3,538,440)
Other expense (income)	-	-	51,505	51,505
Total other expense	325,735	49,561	(3,269,730)	(2,894,434)
Income (loss) before provision for income taxes	651,837	(887,007)	1,222,059	986,889
Provision for income taxes	-	-	721,113	721,113
Net income (loss) and comprehensive income (loss)	651,837	(887,007)	500,946	265,776
Foreign currency translation	-	-	-	-
Net income (loss) and comprehensive income (loss) attributable to shareholders of Leef Brands, Inc.	\$ 651,837	\$ (887,007)	\$ 500,946	\$ 265,776

21. Earnings (Loss) Per Share

The following is a reconciliation for the calculation of net income (loss) attributable to the Company and the basic and diluted earnings (loss) per share for the three months ended March 31, 2026 and 2025:

	Three Months Ended	
	March 31, 2026	March 31, 2025
Net Income (Loss) Attributable to the Company	\$ (426,253)	\$ 265,776
Weighted-Average Shares Outstanding – Basic	259,677,719	174,681,755
Weighted-Average Shares Outstanding – Diluted	259,677,719	266,662,315
Earnings (Loss) Per Share Attributable to the Company – Basic	\$ (0.002)	\$ 0.002
Earnings (Loss) Per Share Attributable to the Company – Diluted	\$ (0.002)	\$ 0.001

Net loss attributable to the Company, as reported, is adjusted for dividends and various other adjustments as defined in ASC 260, *Earnings Per Share*.

After adjustments as defined in ASC 260, if the Company is in a net loss position, diluted loss per share is the same as basic loss per share when the issuance of shares on the exercise of convertible debentures, warrants, share options are anti-dilutive. After adjustments, as defined in ASC 260, if the Company is in a net income position, diluted earnings per share includes options, warrants, convertible debt and contingently issuable shares that are determined to be dilutive using the treasury stock method for all equity instruments issuable in equity units and the “if converted” method for the Company’s convertible debt.

22. Subsequent Events

On April 14, 2026, the Company, LEEF Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of the Company (“Merger Sub”), Standard Holdings, Inc., a Delaware corporation (“SHI”), and Robert J. Mendola, Jr., solely in his capacity as representative of the stockholders of the Company (the “Representative”), entered into an Agreement and Plan of Merger (the “Merger Agreement”). Upon the closing of the Merger Agreement, Merger Sub will be merged with and into SHI (the “Merger”) whereupon the separate corporate existence of Merger Sub will cease, with SHI continuing as the surviving corporation of the Merger as a wholly owned subsidiary of the Company.

As consideration for the Merger, the Company will (a) issue an aggregate of 12,592,960 shares of the Company’s common shares, no par value (“Merger Shares”), to the holders of SHI’s senior preferred stock as well as 1,095,040 shares of the Company’s common shares as management incentive shares and (b) pay an aggregate of \$10,000.00 in cash to the holders of SHI’s common stock and series seed preferred stock. The closing issuance of Merger Shares may be adjusted after the closing, pursuant to procedures set forth in the Merger Agreement, in connection with the finalization of working capital amounts at closing. The Merger Shares will be subject to a twelve (12) month lock-up agreement, with one-third (1/3) of the Merger Shares being released from the lock-up obligation after each four-month period following the closing date. The transaction closed on April 27, 2026.

On April 19, 2026, approximately 22.4 million warrants have expired and are no longer exercisable.

On April 21, 2026, the Company issued 705,373 common shares for services.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and related notes included in this Quarterly Report and with our audited consolidated financial statements and the accompanying notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025, filed with the SEC on March 26, 2026. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to such differences include those discussed under "Cautionary Note Regarding Forward-Looking Statements" and under Part II, Item 1A, "Risk Factors" in this Quarterly Report and in Part I, Item 1A, "Risk Factors" in the 2025 Annual Report. Unless otherwise indicated, all dollar amounts in this Item 2 are expressed in United States dollars.

Overview

Leef Brands Inc. was incorporated on September 15, 2011, under the laws of the province of British Columbia and is registered extra-provincially under the laws of Ontario. The Company is a cannabis branded products manufacturer based in California. The Company is a public company whose common shares are listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "LEEF". The head office of the Company is located at Suite 2500 Park Place, 666 Burrard Street, Vancouver, BC V6C 2X8.

We are a cannabis concentrate manufacturer that leverages our manufacturing capabilities in a 12,000-square-foot extraction and manufacturing facility with significant throughput and distillate extraction capability. Our core manufacturing competencies include ethanol extraction (Type 6 manufacturing license), hydrocarbon extraction (Type 7 manufacturing license), and solventless extraction. We also hold a 179.9-acre cultivation land use permit, which we expect to result in our operating one of the largest cannabis cultivation sites in the state of California.

During fiscal 2024 and 2025, we executed a strategic transition away from consumer packaged goods ("CPG") sales through retail, shifting our sales focus to leveraging our core strength in concentrate manufacturing to support and power the leading cannabis brands operating in California. CPG sales have become immaterial in fiscal 2025 and the three months ended March 31, 2026 as the Company concentrated efforts on the bulk sales concentrates market. Management believes that this strategic focus on higher-margin wholesale concentrate manufacturing, combined with disciplined operating expense management, positions the Company for improving operating performance.

During the three months ended March 31, 2026, the Company generated net revenue of \$9,377,002, compared to \$9,398,261 for the three months ended March 31, 2025, which is essentially flat year over year. Gross profit increased significantly to \$4,624,650 (gross margin of 49%) for the three months ended March 31, 2026, compared to \$2,073,290 (gross margin of 22%) for the three months ended March 31, 2025. The Company recorded operating income of \$1,283,667 for the three months ended March 31, 2026, compared to an operating loss of \$1,907,545 for the three months ended March 31, 2025, reflecting both the margin expansion and a \$639,852 reduction in total operating expenses.

Net loss and comprehensive loss attributable to the Company was \$426,253 for the three months ended March 31, 2026, compared to net income and comprehensive income of \$265,776 for the three months ended March 31, 2025. The swing to a net loss position for the quarter was primarily driven by a \$390,405 expense recorded for the change in fair value of derivative liabilities (compared to a \$3,538,440 gain in the prior year period) and a higher provision for income taxes of \$974,580 (compared to \$721,113 in the prior year period), offset by the improvements in operating results described above.

Non-GAAP Financial Measures

In addition to providing financial measurements based on GAAP, the Company provides additional financial metrics that are not defined under, prepared in accordance with or a standardized financial measure under GAAP and may not be comparable to similar financial measures disclosed by other issuers. Management uses such non-GAAP financial measures, in addition to GAAP financial measures, to understand and compare operating results across accounting periods, for financial and operational decision-making, for planning and forecasting purposes and to evaluate the Company's financial performance. These non-GAAP financial measures (collectively, the "non-GAAP financial measures") are:

- EBITDA Net Loss (GAAP) adjusted for interest and financing costs, income taxes, depreciation, and amortization.
- Adjusted EBITDA (Non-GAAP) adjusted for share-based compensation, stock appreciation rights expense, loss (income) on equity method investments, change in fair value of derivative liabilities, change in fair value of contingent liabilities, acquisition-related professional fees, non-operational start-up costs and loss on disposition of subsidiary. Non-operational start-up costs are set-up costs to prepare a location for its intended use. Start-up costs are expensed as incurred and are not indicative of ongoing operations.

Management believes that these non-GAAP financial measures assess the Company's ongoing business in a manner that allows for meaningful comparisons and analysis of trends in the business. These non-GAAP financial measures are not intended to represent and should not be considered as alternatives to net income, operating income, or any other performance measures derived in accordance with GAAP as measures of operating performance or operating cash flows or as measures of liquidity.

The following table provides a reconciliation of the Company's net loss to Adjusted EBITDA (non-GAAP) for the three months ended March 31, 2026 and 2025:

	Three Months Ended	
	March 31, 2026	March 31, 2025
Net Income (Loss) (GAAP)	\$ (426,253)	\$ 265,776
Depreciation and amortization	568,141	535,237
Interest expense	316,834	592,501
Income and excise tax expense	1,029,745	769,550
EBITDA (non-GAAP)	1,488,467	2,163,064
Adjustments:		
Share-based compensation	489,467	591,462
Change in fair value of derivative liabilities	390,405	(3,538,440)
Non-recurring operating costs	28,101	51,505
Adjusted EBITDA (non-GAAP)	\$ 2,396,440	\$ (732,409)

Adjusted EBITDA, a non-GAAP financial measure, was \$2,396,440 for the three months ended March 31, 2026, compared to \$(732,409) for the three months ended March 31, 2025. The favorable change in Adjusted EBITDA of \$3,128,849 is primarily driven by improved gross profit of \$2,551,360 and reduced operating expenses of \$639,852 with our revenue remaining consistent, reflecting the Company's ongoing focus on margin expansion and disciplined cost management in its core wholesale concentrate manufacturing business.

Use of Financing Proceeds

During the three months ended March 31, 2026 and year ended December 31, 2025, the Company raised cash through issuance of preferred and common shares of the Company's stock totaling gross proceeds of approximately \$4.5 million and \$1.4 million, respectively, in addition to the cash raised through both related party and third-party notes payable. The proceeds from these financing activities were used to fund the ongoing operations of the Company.

Operational Update

Effective December 2025, the Company's debt obligations for convertible debentures were converted into 60,155,339 common shares of the Company's stock and 60,155,339 warrants for the purchase of a common share of the Company's stock at a purchase price of CAD\$0.30 per share for a period of three years.

The Company continues to settle and pay down unfavorable debt arrangements and increase liquidity through existing operations and practical equity driven capital raises.

Results of Operations

Three months ended March 31, 2026 and 2025

The following tables set forth the components of our statements of operations for each of the periods presented and as a percentage of revenue for those periods. The period-to-period comparison of results of operations is not necessarily indicative of results of future periods.

	Three Months Ended			
	March 31, 2026		March 31, 2025	
Net revenue	\$	9,377,002	100%	\$ 9,398,261 100%
Cost of sales		4,752,352	51%	7,324,971 78%
Gross profit		4,624,650	49%	2,073,290 22%
Operating expenses		3,340,983	36%	3,980,835 42%
Income (loss) from operations		1,283,667	13%	(1,907,545) -20%
Other expense (income):				
Interest expenses		316,834	3%	592,501 6%
Change in fair value of derivative liability		390,405	4%	(3,538,440) -38%
Other expense (income)		28,101	0%	51,505 1%
Total other expense (income)		735,340	7%	(2,894,434) -31%
Income (loss) before provision for income taxes		548,327	6%	986,889 11%
Provision for income taxes		974,580	10%	721,113 8%
Net income (loss) and comprehensive income (loss) attributable to shareholders of Leef Brands, Inc.	\$	(426,253)	-4%	\$ 265,776 3%

Revenue

Revenue for the three months ended March 31, 2026 was \$9,377,002, a decrease of \$21,259, or 0.2%, as compared to \$9,398,261 for the three months ended March 31, 2025. Revenue was consistent year over year, reflecting the maturing of the Company's strategic pivot to bulk concentrate manufacturing and ongoing pricing pressure within the California wholesale cannabis market.

Cost of Sales and Gross Profit

Cost of sales for the three months ended March 31, 2026 was \$4,752,352, a decrease of \$2,572,619, or 35.1%, as compared to \$7,324,971 for the three months ended March 31, 2025. Gross profit for the three months ended March 31, 2026 was \$4,624,650, representing a gross margin of 49%, compared with a gross profit of \$2,073,290, representing a gross margin of 22%, for the three months ended March 31, 2025. The significant increase in gross profit and gross margin reflects the Company's integration of Salisbury Canyon Ranch as the Company's primary biomass supply source during the quarter, combined with disciplined procurement of third-party inputs.

Operating Expenses

Total operating expenses for the three months ended March 31, 2026 were \$3,340,983, a decrease of \$639,852, or 16.1%, compared to total operating expenses of \$3,980,835 for the three months ended March 31, 2025. The decrease in total operating expenses was attributable to the factors described below.

Wages and salaries for the three months ended March 31, 2026 and 2025 were \$1,689,690 and \$1,880,759, respectively, a decrease of \$191,069, or 10.2%. The decrease reflects improved labor efficiency and disciplined headcount management as the Company continues to optimize its operating structure around its wholesale concentrate manufacturing focus.

Legal and professional fees for the three months ended March 31, 2026 and 2025 were \$294,296 and \$487,939, respectively, a decrease of \$193,643, or 39.7%. The decrease in legal and professional fees is primarily attributable to improved efficiency in the use of outside legal counsel and other professional advisors during the period.

Office and general expenses for the three months ended March 31, 2026 and 2025 were \$601,591 and \$797,417, respectively, a decrease of \$195,826, or 24.6%. The decrease is primarily attributable to lower freight and overhead costs as the Company continues its disciplined approach to managing operating costs.

Advertising and promotion expenses for the three months ended March 31, 2026 and 2025 were \$34,337 and \$139,163, respectively, a decrease of \$104,826, or 75.3%, reflecting reduced CPG marketing spend consistent with the Company's strategic focus on wholesale concentrate manufacturing.

Interest expense

Interest expense for the three months ended March 31, 2026 and 2025 was \$316,834 and \$592,501, respectively, a decrease of \$275,667, or 46.5%. The decrease was primarily driven by the conversion of convertible debentures during 2025, resulting in a lower outstanding debt balance during the current period.

Change in fair value of derivative liability

Change in fair value of derivative liability for the three months ended March 31, 2026 was an expense of \$390,405, compared to a gain of \$3,538,440 for the three months ended March 31, 2025. The change is primarily due to fluctuations in the Company's share price and remeasurement of the Black-Scholes and Monte Carlo inputs used to value the derivative liabilities arising from warrants and certain convertible instruments with non-fixed conversion features denominated in a currency other than the Company's functional currency.

Net Income (Loss) and Comprehensive Income (Loss) Attributable to Shareholders

Net loss and comprehensive loss for the three months ended March 31, 2026 was \$426,253, as compared to net income and comprehensive income of \$265,776 for the three months ended March 31, 2025, an unfavorable change of \$692,029. The change to a net loss position was primarily due to the \$3,928,845 unfavorable swing in the change in fair value of derivative liabilities, partially offset by the \$3,191,212 favorable change in operating results.

Cash Flows for the Three Months Ended March 31, 2026 and 2025

Cash flow from operating activities

Cash provided by operating activities for the three months ended March 31, 2026 was \$395,001, as compared to cash used in operating activities of \$1,836,212 for the three months ended March 31, 2025, a favorable change of \$2,231,213. The favorable change in cash provided by operating activities was primarily driven by the improvement in operating results, partially offset by timing of working capital items including increases in accounts receivable and prepaid expenses.

Cash flow from investing activities

Cash used in investing activities for the three months ended March 31, 2026 was \$494,839, as compared to cash used in investing activities of \$162,075 for the three months ended March 31, 2025, an unfavorable change of \$332,764. The change reflects increased capital expenditures to support ongoing operations and planned facility improvements.

Cash flow from financing activities

Cash provided by financing activities for the three months ended March 31, 2026 was \$3,665,088, as compared to cash provided by financing activities of \$181,903 for the three months ended March 31, 2025, a favorable change of \$3,483,185. The favorable change was primarily due to \$4,500,000 of gross proceeds from the issuance of preferred and common shares in March 2026, partially offset by net repayments on notes payable, repayment of related party contingent consideration, and related party notes payable.

Summary of Quarterly Results

			Net Income (Loss) and Comprehensive Income (Loss) Attributable to Shareholders
	Revenues		
March 31, 2026	\$ 9,377,002	\$	(426,253)
December 31, 2025	\$ 8,318,373	\$	(11,158,097)
September 30, 2025	\$ 8,379,306	\$	(3,803,812)
June 30, 2025	\$ 8,691,656	\$	(2,933,199)
March 31, 2025	\$ 9,398,261	\$	265,776
December 31, 2024	\$ 5,901,489	\$	(7,182,195)
September 30, 2024	\$ 6,763,391	\$	(9,185,633)
June 30, 2024	\$ 7,916,653	\$	(5,539,472)
March 31, 2024	\$ 7,913,914	\$	(2,714,215)
December 31, 2023	\$ 5,875,458	\$	(10,586,631)

The Company's focus on the wholesale concentrate market has led to an increase in quarterly revenue and margins through 2025 and into Q1 2026. Revenue was consistent from \$9.4 million in Q1 2025 to \$9.4 million in Q1 2026. The fluctuation in quarterly net income (loss) is primarily attributable to non-cash items, particularly changes in the fair value of derivative liabilities and losses on extinguishment of debt. The net income of \$0.3 million in Q1 2025 was driven primarily by the non-cash gain on the change in fair value of derivative liabilities. Excluding this non-cash item, Q1 2026 operational performance reflected the continued benefit of in-house biomass supply from Salisbury Canyon Ranch, with gross margins and operating cash flow remaining consistent with the strong H2 2025 trajectory.

Related Party Balances

Key management personnel are persons responsible for planning, directing, and controlling activities of an entity, and include executive and non-executive persons. During the three months ended March 31, 2026 and 2025, the Company recognized approximately \$440,000 and \$470,000, respectively, in compensation and stock-based compensation provided to key management.

For further information regarding related party transactions, see Note 16 – Related Party Transactions of the condensed consolidated financial statements.

Critical Accounting Policies and Estimates

Our discussion and analysis of financial condition and results of operations is based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. There have been no material changes in our critical accounting estimates from those disclosed in our 2025 Annual Report. Refer to Note 3 – Significant Accounting Policies of the condensed consolidated financial statements for further information on our accounting policies and estimates.

Liquidity and Capital Resources

Historically, the Company's primary source of liquidity has been its operations, capital contributions made by equity investors, and debt issuances. The Company is currently meeting its operational obligations as they become due from its current working capital and from operations. However, the Company has sustained losses since inception and may require additional capital in the future. Such uncertainties related to events and conditions raise substantial doubt about the Company's ability to continue as a going concern.

As of March 31, 2026, the Company had a net working capital surplus of \$5,888,291 and a cash balance of \$5,755,972. This is a significant improvement from December 31, 2025, when the Company had a working capital deficit and cash of \$2,190,722. The increase in working capital and cash during the three months ended March 31, 2026 primarily reflects the \$4,500,000 equity raise completed in March 2026.

The Company is generating cash from revenues and deploying its capital reserves to acquire and develop assets capable of producing additional revenues and earnings over both the immediate and near term. Capital reserves are primarily being utilized for capital expenditures, facility improvements, product development, and marketing.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

Off-Balance Sheet Arrangements

As of March 31, 2026, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, or any obligations that trigger financing, liquidity, market, or credit risk to the Company.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is a smaller reporting company as defined in Rule 12b-2 under the Exchange Act, and as such, is not required to provide the information required by this Item. However, the Company is exposed to certain market risks, including foreign currency exchange rate risk, interest rate risk, commodity price risk, and risks related to the Company's digital asset holdings.

Currency risk. The Company is exposed to currency risk related to the fluctuation of foreign exchange rates and the degree of volatility of those rates. Currency risk is limited to the portion of the Company's business transactions and balances denominated in currencies other than the United States dollar. Assuming all other variables remain constant, a fluctuation of +/- 5.0 percent in the exchange rate between the United States dollar and the Canadian dollar would impact the carrying value of the net monetary assets by approximately +/- \$548,000.

Interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash bears interest at market rates. The Company's financial liabilities have fixed rates of interest and therefore expose the Company to a limited interest rate fair value risk.

Commodity price risk. We are exposed to price fluctuations in the California cannabis market, where we sell our products. Continued pricing compression in this market has, and may in the future, adversely affect our revenue and gross margin.

Digital asset risk. We hold Bitcoin as part of our treasury assets. The value of Bitcoin is highly volatile. A significant decline in Bitcoin's market price could adversely affect our financial condition and results of operations.

There have been no material changes in the Company's primary risk exposures or management of market risks from those disclosed in its 2025 Annual Report.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2026, the Company's disclosure controls and procedures were ineffective to provide reasonable assurance that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in the SEC's rules and forms and to provide reasonable assurance that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Controls Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Management, including the Chief Executive Officer and Chief Financial Officer, conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria established in "Internal Control — Integrated Framework" (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on its assessment, management concluded that, as of March 31, 2026 and December 31, 2025, there were deficiencies in our internal control over financial reporting. This is attributable to a significant deficiency resulting from the size of the Company and its limited personnel, which constrains our ability to implement full segregation of duties across financial reporting functions. The Company is actively monitoring this condition and will implement additional controls and oversight procedures as resources permit.

Our disclosure controls and procedures and internal controls over financial reporting are designed to provide reasonable assurance of achieving their objectives as specified above. Management does not expect, however, that our disclosure controls and procedures and internal controls over financial reporting will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended March 31, 2026 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the Company's disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of March 31, 2026, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. As of March 31, 2026, there are also no proceedings in which any of the Company's directors, officers, or affiliates is an adverse party to the Company or has a material interest adverse to the Company's interest.

ITEM 1A. RISK FACTORS

You should carefully review and consider the information regarding certain factors that could materially affect our business, financial condition or future results set forth under Part I, Item 1A, *Risk Factors*, contained in our Annual Report on Form 10-K for Fiscal 2025, as filed with the SEC on March 26, 2026. The risk factors described in the fiscal year ended 2025 Form 10-K have not materially changed.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities.

On March 12, 2026, the Company issued 10,726,579 Series A-1 preferred shares to an investor for cash consideration of \$3,000,000.

On March 12, 2026, the Company issued 8,152,200 common shares to two investors for cash consideration of \$1,500,000.

The foregoing issuances were made in reliance on the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof and/or Regulation D or Regulation S promulgated thereunder. The recipients of the securities in each such transaction represented their intention to acquire the securities for investment only and not with a view to, or for sale in connection with, any distribution thereof, and appropriate legends were affixed to the securities issued in such transactions. The issuances were made without general solicitation or advertising.

Use of Proceeds

The net proceeds from the foregoing unregistered sales of equity securities are being used for general working capital and general corporate purposes, including capital expenditures, facility improvements, product development, and the repayment of certain indebtedness.

Issuer Purchases of Equity Securities

On March 24, 2026, the Company received from a former recipient 135,206 common shares previously issued for \$30,742, which shares were returned to treasury. Other than the foregoing, neither the Company nor any affiliated purchaser of the Company purchased any of the Company's registered equity securities during the quarter ended March 31, 2026.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

ITEM 5. OTHER INFORMATION

Insider Trading Arrangements

During the three months ended March 31, 2026, none of the Company's directors or executive officers adopted or terminated any "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (each as defined in Item 408 of Regulation S-K).

ITEM 6. EXHIBITS

Exhibit No.	Description
3.1*	Articles of Incorporation of the Registrant. (incorporated by reference to the Company's Registration Statement on Form 10 filed with the SEC on March 26, 2026).
3.2*	Bylaws of the Registrant. (included in Exhibit 3.1 hereto).
10.1	Form of Subscription Agreement used in connection with the March 2026 private placement (filed herewith).
10.2*	Agreement and Plan of Merger dated April 14, 2026 by and among Leef Brands, Inc., LEEF Merger Sub Inc., Standard Holdings, Inc. and Robert J. Mendola, Jr. (incorporated by reference to the Company's Form 8-K filed with the SEC on April 20, 2026).
31.1	Certification of Principal Executive Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document

* Previously filed,

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 6, 2026

Leef Brands, Inc.

By: /s/ Micah Anderson
Micah Anderson,
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Kevin Wilson
Kevin Wilson,
Chief Financial Officer
(Principal Financial and Accounting Officer)

**LEEF BRANDS INC.
SUBSCRIPTION AGREEMENT**

INSTRUCTION PAGE

☐ Complete and sign pages 2 and 3 of the Subscription Agreement.

☐ Complete the appropriate Schedule to the Subscription Agreement.

☐ If you are resident in Canada and purchasing under the “Accredited Investor” exemption, complete and sign Schedule B – Accredited Investor Status Certificate attached to the Subscription Agreement. If you are subscribing as an individual and you do not meet the criteria set out in subparagraph (j.1) of the Accredited Investor Status Certificate, complete and sign Appendix I – *Risk Acknowledgement Certificate* attached to Schedule B.

☐ If you are not resident in Canada or a U.S. Purchaser (as defined below), complete and sign Schedule C – Foreign Purchaser’s Certificate attached to the Subscription Agreement.

☐ If you are a person who is (i) in the United States, (ii) a U.S. Person, (iii) purchasing the Purchaser’s Securities for the account or benefit of a person that is in the United States or a U.S. Person, (iv) a person that received an offer to purchase the Purchaser’s Securities while in the United States or (v) a person that executed this Subscription Agreement while in the United States (collectively, a “**U.S. Purchaser**”), then complete and sign Schedule D – U.S. Purchaser’s Certificate attached to the Subscription Agreement.

(Note: See Section 3 of the Subscription Agreement for further details)

Deliver a completed and originally executed copy of this Subscription Agreement and a bank draft or wire transfer to “**LEEF Holdings, Inc.**”, at the street address, email address and/or bank account below, by no later than 4:00 p.m. (Toronto time) on [], 2026:

175 North Lenore Ave.
Willits, California 95490
Attention: Kevin Wilson
Email: kevin@leefca.com

Wire Instructions

Beneficiary Name	LEEF Holdings, Inc. 175 North Lenore Ave. Willits, California 95490
Beneficiary Bank Name	East West Bank
Account Number	8420004569
Routing Number	322070381
Beneficiary Account No.	8420004569
Swift Code	EWBKUS66XXX
Bank Address	9300 Flair Drive, 4 th Fl. El Monte, California 91731

SUBSCRIPTION AGREEMENT

A completed and originally executed copy of this Subscription Agreement, including all applicable schedules hereto, must be delivered in hard copy or electronically, by no later than 4:00 p.m. (Toronto time) on [] , 2026 to: LEEF Holdings, Inc., 175 North Lenore Avenue, Willits, California, Attention: Kevin Wilson.

TO: LEEF Brands Inc. (the “Company”)

The undersigned (the “**Purchaser**”), on its own behalf, and, if applicable, on behalf of those for whom the undersigned is contracting hereunder, hereby irrevocably subscribes for and agrees to purchase the number of units (“**Units**”) of the Company set out below, at a price of CAD \$0.25 per Unit, subject to the following terms and conditions. Each Unit is comprised of one Common Share of the Company (a “**Common Share**”) and one Common Share purchase warrant of the Company (a “**Warrant**”). Each Warrant entitles the holder thereof to purchase one Common Share of the Company (a “**Warrant Share**”) at an exercise price of CAD \$0.30 until twenty-four (24) months following the Closing Date. This subscription agreement, which for certainty includes and incorporates the attached Terms and Conditions of Subscription (the “**Terms and Conditions of Subscription**”) and the schedules attached hereto, are collectively referred to as the “**Subscription Agreement**”. A Term Sheet with respect to the offering is attached hereto Schedule A. The Accredited Investor Status Certificate attached hereto as Schedule B, the Foreign Purchaser’s Certificate attached hereto as Schedule C and the U.S. Purchaser’s Certificate attached hereto as Schedule D, are each referred to in the Subscription Agreement as a “**Subscriber Certificate**” and collectively referred to in the Subscription Agreement as the “**Subscriber Certificates**”. The Purchaser, on its own behalf, and, if applicable, on behalf of each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, agrees to be bound by the Terms and Conditions of Subscription, including without limitation the representations, warranties and covenants set forth in the schedules attached thereto, and the representations, warranties and covenants set forth in the applicable Subscriber Certificate, and acknowledges and agrees, without limitation, that the Company and its counsel may rely on the Purchaser’s representations, warranties and covenants contained in the Subscription Agreement.

Issuer: LEEF Brands Inc.

Issue Price Per Unit:

Total Purchase Price (USD): ¹

Number and kind of securities of the Company currently owned (directly or indirectly)

Registrant (Y/N) (for Purchasers resident in British Columbia only)

Issue: Units

CAD \$0.25

\$

DATED this 12th day of March, 2026.

¹ The number of Units to be delivered to the Purchaser will be determined using the USD:CAD exchange rate published by the Bank of Canada on a date that is no more than two business days prior to the Closing Time. The total number of Units issued will be rounded down to the nearest whole number. No fractional Units shall be issued.

Name and Address of Purchaser

(Name of Purchaser - please print)

(Purchaser's Address)

by _____
Authorized Signature

(Address)

(Official Capacity or Title – please print)

(Telephone Number)

(Please print name of individual whose signature appears above if different than the name of the Purchaser printed above.)

(Email Address)

Details of Beneficial Purchaser (i.e. party for whom the undersigned is contracting, if not the same as the Purchaser identified above). If the Purchaser is signing as agent for a principal and is not a trust company or a portfolio manager, in either case, purchasing as trustee or agent for accounts fully managed by it, please ensure that **Schedule B**, **Schedule C** or **Schedule D** hereto, as applicable, is completed on behalf of such principal.

(Beneficial Purchaser's Name – please print)

(Beneficial Purchaser's Address)

(if space is inadequate please attach a schedule containing the necessary information)

(Beneficial Purchaser's Telephone Number)

Registration Instructions:

Delivery Instructions:

(Name)

(Account Reference, if applicable)

(Account Reference, if applicable)

(Address)

(Contact Name)

(Address)

(Address)

(Address)

(Address)

(Address)

(Telephone Number)

(Email Address)

ACCEPTANCE

The foregoing is acknowledged, accepted, and agreed to this ____ day of _____, 2026.

LEEF BRANDS INC.

Per: _____
Name: Micah Anderson
Title: Director and Chief Executive Officer

TERMS AND CONDITIONS OF SUBSCRIPTION

1. Subscription. The Purchaser hereby tenders to the Company this Subscription Agreement which, upon acceptance by the Company, will constitute an irrevocable agreement of the Purchaser to purchase from the Company, and of the Company to sell to the Purchaser, the number of Units set out on the face page hereof (the “**Purchaser’s Securities**”) at a price of CAD \$0.25 per Unit (the “**Issue Price**”), all on the terms and subject to the conditions set out in this Subscription Agreement. The Purchaser’s Securities form part of a larger offering of Units (the “**Offering**”) for total gross proceeds of up to approximately USD \$1,500,000. The Offering is being made on a private placement basis.

The Company may increase the Offering (“**Increased Offering**”) at the Company’s sole discretion. There is no fixed minimum amount of gross proceeds. Unless the context otherwise requires, all references herein to Offering, Units, Warrants, Warrant Shares and Securities include any such securities of the Company issuable in connection with the Increased Offering.

2. Definitions. In this Subscription Agreement, unless the context otherwise requires:

- (a) “**associate**”, “**affiliate**” and “**distribution**” and “**insider**” have the respective meanings ascribed to them in the *Securities Act* (Ontario);
 - (b) “**CAD**” means Canadian Dollars, the lawful currency of Canada;
 - (c) “**Closing**” means the completion of the issue and sale by the Company and the purchase by the Purchasers of Units pursuant to the provisions of this Subscription Agreement;
 - (d) “**Closing Date**” has the meaning ascribed to it in Section 4 of this Subscription Agreement;
 - (e) “**Closing Time**” means 4:00 p.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the Company may decide in its sole discretion;
 - (f) “**Common Share**” has the meaning ascribed to it on the face page of this Subscription Agreement;
 - (g) “**Company**” has the meaning ascribed to it on the face page of this Subscription Agreement;
 - (h) “**Designated Jurisdictions**” means all of the provinces of Canada, to the extent that any Purchasers are resident therein;
 - (i) “**Governmental Entity**” has the meaning ascribed to it in Section 5(f) of this Subscription Agreement;
 - (j) “**Increased Offering**” has the meaning ascribed to it in Section 1 of this Subscription Agreement;
 - (k) “**Initial Closing Date**” means March 12, 2026 or such other date as the Company may decide in its sole discretion;
 - (l) “**Issue Price**” has the meaning ascribed to it in Section 1 of this Subscription Agreement;
 - (m) “**Money Laundering Laws**” has the meaning ascribed to it in Section 5(h) of this Subscription Agreement;
 - (n) “**NI 45-106**” means National Instrument 45-106 *Prospectus and Registration Exemptions* as such instrument is in effect at Closing in the Designated Jurisdiction in which the Purchaser resides;
 - (o) “**Offering**” has the meaning ascribed to it in Section 1 of this Subscription Agreement;
 - (p) “**person**” shall be broadly interpreted and shall include an individual, firm, corporation, syndicate, partnership, trust, association, unincorporated organization, joint venture, investment club, government or agency or political subdivision thereof and every other form of legal or business entity of whatsoever nature or kind;
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- (q) **“Personal Information”** means any information about a person (whether an individual or otherwise) required to be disclosed to a Securities Commission or stock exchange, whether pursuant to a form or request made by a Securities Commission or stock exchange, and includes, but is not limited to, the amount of Units purchased by such person and whether the Purchaser is an “insider” of the Company or a “registrant” (each as defined under applicable Securities Laws of the Province of Ontario) or any other information contained in this Subscription Agreement (including, for greater certainty, the Subscriber Certificates incorporated by reference herein);
 - (r) **“Purchase Price”** means the product of the Issue Price and the total number of Purchaser’s Securities subscribed for under this Subscription Agreement;
 - (s) **“Purchaser”** has the meaning ascribed to it on the face page of this Subscription Agreement;
 - (t) **“Purchaser’s Securities”** has the meaning ascribed to it in Section 1 of this Subscription Agreement;
 - (u) **“Purchasers”** means, collectively, all purchasers of the Units, including the Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent;
 - (v) **“Regulation S”** means Regulation S promulgated under the U.S. Securities Act;
 - (w) **“Sanctions”** has the meaning ascribed to it in Section 5(i) of this Subscription Agreement;
 - (x) **“Securities”** means collectively, the Common Shares, the Warrants and the Warrant Shares;
 - (y) **“Securities Commissions”** means, collectively, the applicable securities commission or other securities regulatory authority in each of the Designated Jurisdictions;
 - (z) **“Securities Laws”** means, collectively, the applicable securities laws of each of the Designated Jurisdictions and the respective regulations and rules made and forms prescribed thereunder together with all applicable and legally enforceable published policy statements, multilateral or national instruments, blanket orders, rulings and notices of the Securities Commissions;
 - (aa) **“Subscriber Certificate”** has the meaning ascribed to it on the face page of this Subscription Agreement;
 - (bb) **“Subscription Agreement”** has the meaning ascribed to it on the face page of this Subscription Agreement;
 - (cc) **“Terms and Conditions of Subscription”** has the meaning ascribed to it on the face page of this Subscription Agreement;
 - (dd) **“U.S. Person”** means a U.S. person as defined in Rule 902(k) of Regulation S under the U.S. Securities Act;
 - (ee) **“U.S. Purchaser”** means any person who is (i) in the United States, (ii) a U.S. Person, (iii) purchasing the Purchaser’s Securities for the account or benefit of a person that is in the United States or a U.S. Person, (iv) a person that received an offer to purchase the Purchaser’s Securities while in the United States or (v) a person that executed this Subscription Agreement while in the United States;
 - (ff) **“U.S. Securities Act”** means the United States Securities Act of 1933, as amended;
 - (gg) **“United States”** means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;
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- (hh) “Units” has the meaning ascribed to it on the face page of this Subscription Agreement;
- (ii) “Warrant” has the meaning ascribed to it on the face page of this Subscription Agreement; and
- (jj) “Warrant Share” has the meaning ascribed to it on the face page of this Subscription Agreement.

3. Delivery and Payment. The Purchaser agrees that the following shall be delivered to LEEF Holdings, Inc. at the address and by the date and time set out on the face page hereof, or such other time, date or place as the Company may advise:

- (a) a completed and duly signed copy of this Subscription Agreement;
- (b) one of the following:
 - (i) if the Purchaser or beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, is resident in Canada and purchasing the Purchaser’s Securities in reliance on the “accredited investor” exemption provided by Section 2.3 of NI 45-106:
 - (A) a duly completed and executed copy of the Accredited Investor Status Certificate in the form attached hereto as Schedule B; and
 - (B) if the Purchaser or beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent is an individual and does not meet the criteria set out in subparagraph (j.1) of the Accredited Investor Status Certificate attached hereto as Schedule B, a duly completed and executed copy of the Risk Acknowledgement Certificate in the form attached hereto as Appendix I to Schedule B; or
 - (ii) if the Purchaser or beneficial purchaser, if any, is resident in a jurisdiction outside of Canada and is not a U.S. Purchaser, a duly completed and executed copy of the Foreign Purchaser’s Certificate in the form attached hereto as Schedule C;
 - (iii) if the Purchaser is a U.S. Purchaser, a duly completed and executed copy of the U.S. Purchaser’s Certificate in the form attached hereto as Schedule D;
- (c) a certified cheque, bank draft or wire transfer made payable on or before the Closing Date in same day freely transferable U.S. funds to “**LEEF Holdings, Inc.**” representing the Purchase Price payable by the Purchaser for the Purchaser’s Securities, or such other method of payment of the same amount against delivery of the Purchaser’s Securities as the Company may accept; and
- (d) any other documents required by the Securities Laws which the Company requests.

The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, acknowledges and agrees that such documents, when executed and delivered by the Purchaser, will form part of and will be incorporated into this Subscription Agreement with the same effect as if each constituted a representation and warranty or covenant of the Purchaser hereunder in favour of the Company. The Purchaser and each such beneficial purchaser consents to the filing of such documents as may be required to be filed with the Securities Commissions in connection with the transactions contemplated hereby. The Purchaser, and any beneficial purchaser for whom the Purchaser is acting as trustee or agent, agrees that the Company is irrevocably authorized to correct minor errors or omissions in the information provided by the Purchaser in this Subscription Agreement, any applicable Subscriber Certificate, and any other documents or forms delivered by the Purchaser in connection with the transactions contemplated hereby, if any.

4. Closing. The transactions contemplated hereby will be completed electronically or at the offices of Bennett Jones LLP (“**Bennett Jones**”). The initial closing shall occur on the Initial Closing Date and each subsequent closing date, if any, shall occur on such other date or time as the Company may determine (each a “**Closing Date**”). If the terms and conditions contained in this Subscription Agreement have been complied with prior to the Closing Date, as determined by the Company, Bennett Jones shall deliver all completed Subscription Agreements to the Company along with payment of the aggregate proceeds to the Company and such other documentation as may be required pursuant to the Subscription Agreement.

If the terms and conditions contained in this Subscription Agreement (other than delivery by the Company of certificates representing the Common Shares and Warrants) have not been complied with prior to the Closing Date, as determined by the Company, the Company and the Purchaser will have no further obligations under this Subscription Agreement. The Purchaser will take up, purchase and pay for the Purchaser's Securities at Closing upon acceptance of this offer by the Company.

5. Representations, Warranties and Covenants of the Company. The Company hereby represents and warrants to, and covenants with, the Purchaser as follows as of the date hereof and as of the Closing Time and acknowledges that the Purchaser is relying on such representations and warranties in connection with the transactions contemplated herein:

- (a) the Company is a validly subsisting corporation incorporated under the laws of British Columbia, is in good standing and has full corporate power and authority to perform each of its obligations as herein contemplated and has requisite corporate power and capacity to carry on its business as now conducted and to own its assets;
 - (b) this Subscription Agreement, when accepted by the Company, and all other certificates and instruments delivered in connection with the Offering will, on the Closing Date, constitute legal, valid and binding obligations of the Company enforceable in accordance with their respective terms subject to bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction;
 - (c) the execution and delivery of, and the performance of the terms of the Subscription Agreement by the Company, including the issue of the Common Shares and Warrants, does not and will not constitute a breach of or default under the constating documents of the Company or any law, regulation, order or ruling applicable to the Company or any agreement, contract or indenture to which the Company is a party or by which it is bound including but not limited to its articles of incorporation, bylaws, or other formation documents;
 - (d) the authorized capital of the Company consists of an unlimited number of Common Shares, of which, as of the date hereof, 257,947,996 Common Shares were issued and outstanding as fully paid and non-assessable. Except for the Company's 109,252,299 outstanding warrants, 25,735,458 outstanding restricted stock units and 12,222,059 outstanding stock options, there are no outstanding rights, commitments or other entitlements to purchase securities of the Company;
 - (e) the Company and each of its Subsidiaries (as defined in NI 45-106) have complied with and are not in violation, in any material respect, of any applicable laws, with the exception of the U.S. Controlled Substances Act, 21 USC 801 et seq., as it applies to marijuana;
 - (f) neither the Company nor any of its Subsidiaries has received any written notices or other written correspondence from any (i) international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau, ministry, agency or instrumentality, domestic or foreign, (ii) subdivision or authority of any of the above, (iii) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, or (iv) stock exchange (each, a "**Governmental Entity**") (1) regarding any violation (or any investigation, inspection, audit, or other proceeding by any Governmental Entity involving allegations of any violation) of any law or (2) of any circumstances that may have existed or currently exist which could lead to a loss, suspension, or modification of, or a refusal to issue, any material Authorization. To the knowledge of the Company, no investigation, inspection, audit or other proceeding by any Governmental Entity involving allegations of any material violation of any law by the Company or any of its Subsidiaries is threatened or contemplated;
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- (g) neither the Company, its Subsidiaries nor any of their directors, executives, representatives, agents or employees has (i) used or is using any corporate funds for any illegal contributions, gifts, entertainment or other expenses relating to political activity that would be illegal, (ii) used or is using any corporate funds for any direct or indirect illegal payments to any foreign or domestic governmental officials or employees, (iii) violated or is violating any provision of the *United States Foreign Corrupt Practices Act of 1977*, the *Corruption of Foreign Public Officials Act* (Canada) or any similar laws of other jurisdictions, (iv) established or maintained, or is maintaining, any illegal fund of corporate monies or other properties or (v) made any bribe, illegal rebate, illegal payoff, influence payment, kickback or other illegal payment of any nature;
- (h) the operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the “**Money Laundering Laws**”) and no action, suit or proceeding by or before any court of governmental authority or any arbitrator non-Governmental Entity involving the Company or any of its Subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened;
- (i) none of the Company or any of its Subsidiaries or any director, officer, agent, employee or affiliate of the Company or any of its Subsidiaries, has had any sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department, the Government of Canada or any other relevant sanctions authority (collectively, the “**Sanctions**”) imposed upon any such person, and the Company and its Subsidiaries are not in violation of any of the Sanctions or law or executive order relating thereto, or are conducting business with any person subject to any Sanctions;
- (j) there are no material claims, proceedings, actions or lawsuits in existence, or, to the Company’s knowledge, pending or threatened, against the Company;
- (k) for a period of twenty-four (24) months after the Closing Date, the Company shall not acquire, by purchase or otherwise, any cryptocurrency, including but not limited to Bitcoin, except for nominal amounts accepted by the Company in business-to-business transactions; and
- (l) following any hold periods imposed by the Securities Laws, the Company shall use its best efforts to register the Warrant Shares with any Governmental Entity necessary for the sale of the Warrant Shares on the Toronto Stock Exchange, the TSX Venture Exchange, or other similar exchange.

6. Reliance upon and Survival of Representations, Warranties and Covenants of the Company. The Company acknowledges that the Purchaser is relying on the foregoing representations, warranties and covenants in connection with the transactions contemplated herein, all of which shall survive the Closing and, notwithstanding such Closing and notwithstanding any subsequent disposition by the Purchaser of any of the Purchaser’s Securities shall continue in full force and effect for the benefit of the Purchaser following the Closing Date.

7. Conditions of Closing. The Purchaser acknowledges that the Company’s obligation to sell the Purchaser’s Securities to the Purchaser is subject to, among other things, the following conditions:

- (a) the Purchaser or beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, executing and returning to the Company all documents required by applicable Securities Laws (including but not limited to the applicable Subscriber Certificate) for delivery on behalf of the Purchaser or beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, including, without limitation, the applicable Schedules attached hereto by no later than the date and time set out on the face page hereof;
 - (b) the Company having obtained all required regulatory approvals (including those that may be required under Securities Laws) to permit the completion of the transactions contemplated hereby;
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- (c) there having been no material adverse change in the affairs of the Company, and the representations and warranties of the Company being true in all material respects as of the Closing Date, unless such representation or warranty speaks to an earlier date, in which case, such representation or warranty shall be true in all material respects as of such date;
- (d) the offer, issue, sale and delivery of the Purchaser's Securities being exempt from the requirements to file a prospectus, registration statement, or deliver an offering memorandum (as defined in applicable Securities Laws) or any similar document under applicable Securities Laws and other applicable securities laws relating to the sale of the Purchaser's Securities, or the Company having received such orders, consents or approvals as may be required to permit such sale without the requirement of filing a prospectus or registration statement or delivering an offering memorandum or any similar document; and
- (e) the representations and warranties of the Purchaser set out herein, including in any applicable Subscriber Certificate attached hereto, being true and correct as at the Closing Time.

The Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, acknowledges and agrees that the sale of the Common Shares and Warrants will not be qualified by a prospectus and the Common Shares and Warrants have not been and will not be registered under the U.S. Securities Act, or applicable state securities laws, and further that, such sale is subject to the condition that the Purchaser (or, if applicable, any others for whom the Purchaser is contracting hereunder) signs and returns to the Company or Bennett Jones all relevant documentation required by the Securities Laws and other applicable securities laws relating to the sale of the Purchaser's Securities.

The Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, acknowledges and agrees that the Company will be required to provide to the Securities Commissions a list setting out the identities of the beneficial purchasers of the Common Shares and Warrants. Notwithstanding that the Purchaser may be purchasing the Purchaser's Securities as an agent on behalf of an undisclosed principal (if permissible under the relevant Securities Laws or other applicable securities laws), the Purchaser agrees to provide, on reasonable request, particulars as to the identity of such undisclosed principal as may be required the Company in order to comply with the Securities Laws and any other applicable laws.

8. Acceptance or Rejection. The Company will have the right, in its sole discretion, to accept or reject this Subscription Agreement in whole at any time at or prior to the Closing Time. The Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, acknowledges and agrees that the acceptance of this offer will be conditional upon the issue and sale of the Purchaser's Securities to the Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, being exempt from any prospectus or offering memorandum requirements of the Securities Laws and the equivalent provisions of securities laws of any other applicable jurisdiction. The Company will be deemed to have accepted this Subscription Agreement upon the Company's execution of the acceptance at page 4 of this Subscription Agreement and the delivery at the Closing of the Purchaser's Securities to the Purchaser.

If this Subscription Agreement is rejected in whole, the Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, understands that any funds, certified cheques and bank drafts delivered by the Purchaser to Bennett Jones representing the Purchase Price for the Purchaser's Securities will be returned promptly by Bennett Jones to the Purchaser without interest or deduction.

9. Purchaser's Representations and Warranties. The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, represents and warrants to the Company as follows as of the date hereof and as of the Closing Time and acknowledges that the Company is relying on such representations and warranties in connection with the transactions contemplated in this Subscription Agreement which representations and warranties shall survive the Closing and, notwithstanding such Closing and notwithstanding any subsequent disposition by the Purchaser of any of the Purchaser's Securities shall continue in full force and effect for the benefit of the Company following the Closing Date:

- (a) **Authorization and Effectiveness.** If the Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, is an individual, he or she is of the full age of majority and has all requisite legal capacity and competence to execute and deliver this Subscription Agreement and to observe and perform its covenants and obligations hereunder, or if the Purchaser, or beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, is a corporation, the Purchaser, or beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, is duly incorporated and is a valid and existing corporation, has the necessary corporate capacity and authority to execute and deliver this Subscription Agreement, to subscribe for the Purchaser's Securities and to observe and perform its covenants and obligations hereunder and has taken all necessary corporate action in respect thereof, or, if the Purchaser, or beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, is a partnership, syndicate or other form of unincorporated organization, the Purchaser, or beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, has the necessary legal capacity and authority to execute and deliver this Subscription Agreement, to subscribe for the Purchaser's Securities and to observe and perform its covenants and obligations hereunder and has obtained all necessary approvals in respect thereof, and, in any case, upon acceptance by the Company, this Subscription Agreement will constitute a legal, valid and binding agreement of the Purchaser and the beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, enforceable against the Purchaser and the beneficial purchaser in accordance with its terms and will not result in a violation of or create a state of facts which, after notice, lapse of time or both, would constitute a default or breach of any of the Purchaser's and beneficial purchaser's constating documents, by-laws or authorizing resolutions (if applicable), any agreement to which the Purchaser or the beneficial purchaser is a party or by which the Purchaser or beneficial purchaser is bound or any law applicable to the Purchaser or beneficial purchaser or any judgment, decree, order, statute, rule or regulation applicable to the Purchaser or beneficial purchaser;
 - (b) **Residence.** The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, was offered the Units in, and is a resident of, or if not an individual has its head office in, the jurisdiction referred to under the heading "Name and Address of Purchaser" and "Details of Beneficial Purchaser", respectively, set out on the face page and page 3 hereof, intends that the securities laws of that jurisdiction do and shall govern this subscription by the Purchaser of the Units, is not aware of any reason why the laws of such jurisdiction would not govern such subscription and that such addresses were not created and are not used solely for the purpose of acquiring the Purchaser's Securities;
 - (c) **Private Placement Exemptions.** If applicable, the Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, has properly completed, executed and delivered to the Company the applicable Subscriber Certificate attached hereto (dated as of the date hereof) and the information contained therein is, to the Purchaser's knowledge, true and correct and the representations, warranties and covenants contained in the applicable Subscriber Certificate attached hereto will be true and correct both as of the date of execution of this Subscription Agreement and as at the Closing Time;
 - (d) **Subscriber Certificate.** The Purchaser has properly completed, executed and delivered as principal, or, if the Purchaser is contracting hereunder as trustee, agent, representative or nominee for one or more beneficial purchasers, on behalf of each such beneficial purchaser, the applicable Subscriber Certificate, and related appendix, if applicable;
 - (e) **Purchasing as Principal.** In the case of a Purchaser in Canada, unless paragraph (h) below applies, the Purchaser is purchasing the Purchaser's Securities as principal (as defined in all applicable Securities Laws) for its own account, and not for the benefit of any other person;
 - (f) **No Syndication.** In the case of a Purchaser in Canada, the Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" provided in Schedule B;
 - (g) **Investment Purposes.** The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, is purchasing the Units for investment purposes only and not with a view to resale or distribution that would or may contravene the prospectus requirements of Securities Laws;
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(h) **Purchasing as Agent or Trustee.**

- (i) In the case of the purchase by a Purchaser in Canada of the Purchaser's Securities as agent or trustee for any principal whose identity is disclosed or identified, each beneficial purchaser of the Purchaser's Securities for whom the Purchaser is acting, is purchasing the Purchaser's Securities as principal for its own account and not for the benefit of any other person; was not created or used solely to purchase or hold securities in reliance on the "Minimum Amount Investment" exemption provided under Section 2.10 of NI 45-106 and it pre-existed the Offering and has a bona fide purpose other than investment in the Units; and either where such beneficial purchaser is not an individual, is purchasing the Purchaser's Securities at an aggregate acquisition cost to such beneficial purchaser of not less than \$150,000, or the beneficial purchaser is an "accredited investor" as defined in NI 45-106;
 - (ii) In the case of the purchase by a Purchaser in Canada of the Purchaser's Securities as agent or trustee for any principal whose identity is disclosed or identified, the Purchaser is the duly authorized trustee or agent of such disclosed beneficial purchaser with due and proper power and authority to execute and deliver, on behalf of each such beneficial purchaser, this Subscription Agreement and all other documentation in connection with the purchase of the Purchaser's Securities hereunder, to agree to the terms and conditions herein and therein set out and to make the representations, warranties, acknowledgements and covenants herein and therein contained, all as if each such beneficial purchaser were the Purchaser and the Purchaser's actions as trustee or agent are in compliance with applicable law and the Purchaser and each beneficial purchaser acknowledges that the Company is required by law to disclose to certain regulatory authorities the identity of each beneficial purchaser of Purchaser's Securities for whom it may be acting; and
 - (iii) In the case of the purchase by a Purchaser in Canada of the Purchaser's Securities on behalf of an undisclosed beneficial purchaser, the Purchaser is deemed under applicable Securities Laws to be purchasing as principal;
- (i) **Broker.** There is no person acting or purporting to act in connection with the transactions contemplated herein who is entitled to any brokerage or finder's fee. If any person establishes a claim that any fee or other compensation is payable in connection with this subscription for the Purchaser's Securities, the Purchaser covenants to indemnify and hold harmless the Company with respect thereto and with respect to all costs reasonably incurred in the defence thereof;
- (j) **Illegal Use of Funds.** None of the funds being used to purchase the Purchaser's Securities are to the Purchaser's or beneficial purchaser's knowledge proceeds obtained or derived directly or indirectly as a result of illegal activities. The funds being used to purchase the Purchaser's Securities which will be advanced by the Purchaser to the Company hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "PCMLTFA") or the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* (the "PATRIOT Act") and the Purchaser, or beneficial purchaser, if any, for whom it is acting as trustee or agent, acknowledges that the Company may in the future be required by law to disclose the Purchaser's or beneficial purchaser's name and other information relating to this Subscription Agreement and the Purchaser's subscription hereunder, on a confidential basis, pursuant to the PCMLTFA or the PATRIOT Act. To the best of its knowledge none of the funds to be provided by the Purchaser or the beneficial purchaser are being tendered on behalf of a person or entity who has not been identified to the Purchaser, and it shall promptly notify the Company if the Purchaser or beneficial purchaser discovers that any of such representations cease to be true, and to provide the Company with appropriate information in connection therewith;
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- (k) **Trade Sanctions.** The Purchaser, and each beneficial purchaser, if any, for whom it is acting as trustee or agent, is not a person or entity identified in the *Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism*, the *Regulations Implementing the United Nations Resolutions on Taliban, ISIL (Da'esh) and Al-Qaida*, the *Regulations Implementing the United Nations Resolution on the Democratic People's Republic of Korea*, the *Regulations Implementing the United Nations Resolution on Iran*, the *Regulations Implementing the United Nations Resolutions on Somalia*, the *Regulations Implementing the United Nations Resolutions on Lebanon*, the *Regulations Implementing the United Nations Resolutions on Sudan*, the *Special Economic Measures (Sudan) Regulations*, the *Special Economic Measures (Myanmar) Regulations*, the *Special Economic Measures (Belarus) Regulations*, the *Special Economic Measures (People's Republic of China) Regulations*, the *Special Economic Measures (Haiti) Regulations*, the *Regulations Implementing the United Nations Resolutions on Haiti*, the *Special Economic Measures (Moldova) Regulations*, the *Special Economic Measures (Nicaragua) Regulations*, the *Special Economic Measures (Sri Lanka) Regulations*, the *Special Economic Measures (Guatemala) Regulations*, the *Special Economic Measures (Zimbabwe) Regulations*, the *Regulations Implementing the United Nations Resolutions and Imposing Special Economic Measures on Libya*, the *Special Economic Measures (Democratic People's Republic of Korea) Regulations*, the *Special Economic Measures (Syria) Regulations*, the *Special Economic Measures (Venezuela) Regulations*, the *Special Economic Measures (Iran) Regulations*, the *Freezing of Assets of Corrupt Foreign Officials (Tunisia) Regulations*, the *Regulations Implementing the United Nations Resolutions on Iraq*, the *Freezing of Assets of Corrupt Foreign Officials (Ukraine) Regulations*, the *Special Economic Measures (Russia) Regulations*, the *Special Economic Measures (Ukraine) Regulations*, the *Regulations Implementing the United Nations Resolutions on the Central African Republic*, the *Regulations Implementing the United Nations Resolutions on Yemen*, the *Special Economic Measures (South Sudan) Regulations*, the *Regulations Implementing the United Nations Resolutions on South Sudan*, the *Special Economic Measures (Extremist Settler Violence) Regulations* and the *Special Economic Measures (Hamas Terrorist Attacks) Regulations* (collectively, the "**Trade Sanctions**"). The Purchaser (and each beneficial purchaser, if any) acknowledges that the Company may in the future be required by law to disclose the name and other information of the Purchaser and the beneficial purchaser, if any, related to the acquisition of the Purchaser's Securities hereunder, on a confidential basis, pursuant to the Trade Sanctions;
- (l) **Resale Restrictions.** The Purchaser, and each beneficial purchaser, if any, for whom it is acting as trustee or agent, have been advised to consult their own legal advisors with respect to trading in the Securities with respect to the resale restrictions imposed by the Securities Laws of the province in which the Purchaser, or beneficial purchaser, if any, for whom it is acting as trustee or agent, resides and other applicable securities laws, and acknowledges that no representation has been made respecting the applicable hold periods imposed by the Securities Laws or other resale restrictions applicable to such securities which restrict the ability of the Purchaser, or beneficial purchaser, if any, for whom it is acting as trustee or agent, to resell such securities, that the Purchaser, or beneficial purchaser, if any, for whom it is acting as trustee or agent, is solely responsible to find out what these restrictions are and the Purchaser, or beneficial purchaser, if any, for whom it is acting as trustee or agent, is solely responsible (and the Company is not in any way responsible) for compliance with applicable resale restrictions and the Purchaser is aware that it (or any beneficial purchaser for whom it is contracting hereunder) may not be able to resell such securities except in accordance with limited exemptions under the Securities Laws and other applicable securities laws. The physical certificate evidencing the Securities may bear legends denoting such restrictions;
- (m) **Compliance with Resale Restrictions.** The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, fully understands the restrictions on resale on the Purchaser's Securities and will not resell the Purchaser's Securities except in accordance with the provisions of applicable Securities Laws;
- (n) **Company or Unincorporated Organization.** If the Purchaser, and each beneficial purchaser, if any, for whom it is acting as trustee or agent, is a corporation or a partnership, syndicate, trust, association, or any other form of unincorporated organization or organized group of persons, the Purchaser or such beneficial purchaser was not created or being used solely to permit purchases of or to hold securities without a prospectus in reliance on a prospectus exemption or exemption from the registration requirements of the U.S. Securities Act;
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- (o) **Absence of Offering Memorandum or Similar Document.** The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, has not received, nor has it requested, nor does it have any need to receive, any offering memorandum or any other document describing the business and affairs of the Company (other than this Subscription Agreement), nor has any document been prepared for delivery to, or review by, prospective purchasers in order to assist them in making an investment decision in respect of the Securities being offered under the Offering;
 - (p) **Absence of Advertising.** The offering and sale of the Units to the Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, was not made or solicited through, and the Purchaser and each such beneficial purchaser is not aware of, any general solicitation or general advertising with respect to this Offering, or any directed selling efforts within the meaning of Regulation S, including advertisements, articles, notices or other communications published in any printed public media, radio, television or telecommunications, including electronic display (such as the Internet, including but not limited to the Company's website), or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
 - (q) **No Undisclosed Information.** The decision of the Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, to tender this Subscription Agreement and acquire the Purchaser's Securities has not been made as a result of any oral or written representation (other than this Subscription Agreement) as to fact or otherwise made by or on behalf of the Company or any other person and is based entirely upon this Subscription Agreement and publicly available information relating to the Company. The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, has relied only on the information contained in this Subscription Agreement and publicly available information relating to the Company in making the decision to subscribe for the Purchaser's Securities hereunder. Except as set forth in this Subscription Agreement, no representation, (written or oral) has been made to the Purchaser or any beneficial Purchaser, if any, for whom the Purchaser is acting as trustee or agent, by or on behalf of the Company or any Agent with respect to the Offering or the purchase of the Units;
 - (r) **Investment Suitability.** The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of the investment hereunder in the Purchaser's Securities and is able to bear the economic risk of and can afford the total loss of such investment;
 - (s) **Not an Insider.** The purchase of the Purchaser's Securities hereunder is not a transaction in which any shareholder of the Company, or any beneficial owner of securities carrying more than 10% of the voting rights attaching to all outstanding voting securities of the Company, has a direct or indirect beneficial interest, unless the Purchaser has otherwise notified the Company;
 - (t) **Not a "Control Person".** The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, is not a "control person" of the Company, as that term is defined in applicable Securities Laws, and will not become a "control person" of the Company by virtue of the purchase of the Purchaser's Securities under this Subscription Agreement and does not act or intend to act in concert with any other person to form a control group in respect of the Company, unless the Purchaser has otherwise notified the Company;
 - (u) **Other Documents.** The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, will execute and deliver any other documents required by applicable Securities Laws to permit the purchase of the Purchaser's Securities on the terms herein set forth which the Company reasonably requests;
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- (v) **Personal Information.** The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, acknowledges that this Subscription Agreement requires the Purchaser to provide certain Personal Information to the Company and its agents and advisers as reasonably necessary in connection with the proposed Offering. Such information is being collected and will be used by the Company for the purposes of completing the proposed Offering of Units, which includes, without limitation, determining the Purchaser's eligibility to purchase the Purchaser's Securities under applicable Securities Laws, the U.S. Securities Act and applicable state securities laws and completing filings required by the Securities Commissions and under the U.S. Securities Act and applicable state securities laws. The Purchaser agrees that the Purchaser's Personal Information may be disclosed by the Company to: stock exchanges and applicable securities regulatory authorities; the Company's registrar and transfer agent; the Canada Revenue Agency or other taxing authorities; and any of the other parties involved in the proposed Offering, including legal counsel, and may be included in record books in connection with the Offering. By executing this Subscription Agreement, the Purchaser consents to the foregoing collection, use, and disclosure of the Purchaser's Personal Information. The Purchaser also consents to the filing of copies or originals of any of the Purchaser's documents described in Section 3 hereof as may be required to be filed with any stock exchange or securities regulatory authority in connection with the transactions contemplated hereby. The Purchaser represents and warrants that it has the authority to provide the consents and acknowledgements set out in this paragraph on behalf of the beneficial purchaser, if any; and
- (w) **Compliance with United States Securities Laws.** If the Purchaser is a U.S. Purchaser, then in addition to the other representations and warranties contained herein, the Purchaser represents and warrants that:
- (i) the Purchaser is aware that the Securities have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and that the Securities may not be offered or sold, directly or indirectly, in the United States without registration under the U.S. Securities Act or compliance with requirements of an exemption from registration and it acknowledges that the Company has no present intention of filing a registration statement under the U.S. Securities Act in respect of the Securities;
 - (ii) unless the Purchaser has executed and delivered Schedule D hereto (in which case it makes the representations and warranties set forth therein), the Purchaser or any person for whom it is acting is not in the United States or a U.S. Person and is not acquiring the Securities for the account or benefit of a U.S. Person or a person in the United States or for resale in the United States and confirms that the Securities have not been offered to the Purchaser in the United States and that this Subscription Agreement has not been signed in the United States;
 - (iii) neither the Purchaser nor any person for whom it is acting will offer, sell or otherwise dispose of the Securities in the United States unless the Company has consented to such offer, sale or distribution and such offer, sale or disposition is made in accordance with an exemption from the registration requirements of the U.S. Securities Act and the securities laws of all applicable states of the United States or the Company has filed, and the U.S. Securities and Exchange Commission has declared effective, a registration statement in respect of such securities; and
 - (iv) the Purchaser, or beneficial purchaser, if any, for whom it is acting as trustee or agent, has duly completed and delivered to the Company the Subscriber Certificate appended hereto as Schedule D and represents and warrants set forth therein.
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- (x) **International Purchasers.** If the Purchaser, or beneficial purchaser, if any, for whom it is acting as trustee or agent, is a resident of a country other than Canada and is not a U.S. Purchaser (an “**International Jurisdiction**”) then in addition to the other representations and warranties contained herein, the Purchaser represents and warrants that:
- (i) the Purchaser is knowledgeable of, or has been independently advised as to, the applicable securities laws of the International Jurisdiction which would apply to this Subscription Agreement, if any;
 - (ii) the Purchaser is purchasing the Purchaser’s Securities pursuant to exemptions from the prospectus, financial promotion and registration requirements under the applicable securities laws of that International Jurisdiction or, if such is not applicable, the Purchaser is permitted to purchase the Purchaser’s Securities under the applicable securities laws of the International Jurisdiction without the need to rely on an exemption;
 - (iii) the applicable securities laws of the International Jurisdiction do not require the Company to file a prospectus, offering memorandum or similar document or to register or qualify the distribution of the Securities or for the Company to be registered with or to make any filings or seek any approvals of any kind whatsoever from any governmental or regulatory authority of any kind whatsoever in the International Jurisdiction;
 - (iv) the delivery of this Subscription Agreement, the acceptance of it by the Company and the issuance of the Purchaser’s Securities to the Purchaser complies with all applicable laws of the Purchaser’s jurisdiction of residence or domicile and all other applicable laws and will not cause the Company to become subject to or comply with any continuous disclosure, prospectus or other periodic filing or reporting requirements under any such applicable laws; and
 - (v) the Purchaser, or beneficial purchaser, if any, for whom it is acting as trustee or agent, has duly completed and delivered to the Company the Subscriber Certificate appended hereto as Schedule C and represents and warrants set forth therein.

The Purchaser and each beneficial purchaser, if any, for whom it is acting as trustee or agent, acknowledges and agrees that the foregoing representations and warranties, and the acknowledgments made in Section 10 hereof, are made by it with the intention that they may be relied upon by the Company and its counsel in determining the Purchaser’s eligibility or (if applicable) the eligibility of others on whose behalf it is contracting hereunder to purchase the Purchaser’s Securities under the Securities Laws and other applicable securities laws. The Purchaser and each beneficial purchaser further agrees that by accepting delivery of the Purchaser’s Securities on the Closing Date, it shall be representing and warranting that the foregoing representations and warranties are true and correct as at the Closing Time with the same force and effect as if they had been made by the Purchaser at the Closing Time and that they shall survive the purchase by the Purchaser of the Purchaser’s Securities and shall continue in full force and effect notwithstanding any subsequent disposition by the Purchaser or the beneficial purchaser of the Purchaser’s Securities. The Purchaser and the beneficial purchaser undertakes to notify the Company immediately of any change in any representation, warranty or other information relating to the Purchaser or beneficial purchaser set out in this Subscription Agreement which takes place prior to the Closing Time. If the Purchaser is acquiring the Units for the account or benefit of one or more investor accounts, the Purchaser represents and warrants that it has the sole investment discretion with respect to each such investor account and that it has full power and authority to make the foregoing representations and warranties and the acknowledgments in Section 10 hereof.

10. Purchaser’s Acknowledgements. The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting, acknowledges and agrees that:

- (a) this Subscription Agreement is subject to rejection or acceptance by the Company, in whole, and is effective only upon acceptance by the Company;
 - (b) no agency, securities commission, governmental authority, regulatory body, stock exchange or other entity has reviewed or passed on, made any finding or determination as to the merit for investment of, nor have any such agencies, securities commissions or governmental authorities made any recommendation or endorsement with respect to the Securities or the Offering; there is no government or other insurance covering the Securities; and there are risks associated with the purchase of the Securities;
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- (c) the purchase of the Purchaser's Securities has not been or will not be (as applicable) made through, or as a result of, and the distribution of the Purchaser's Securities is not being accompanied by, a general solicitation or advertisement including articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
 - (d) in the case of any Purchaser or beneficial purchaser in Canada, no prospectus or other offering document has been filed by the Company with a securities commission or other securities regulatory authority in any province of Canada, or any other jurisdiction in or outside of Canada in connection with the issuance of the Securities and such issuance is exempt from the prospectus requirements otherwise applicable under the provisions of Securities Laws and, as a result, in connection with its purchase of the Purchaser's Securities hereunder, as applicable:
 - (i) the Company has advised the Purchaser that the Company is relying on an exemption from the requirements to provide the Purchaser with a prospectus and that the Purchaser and each beneficial purchaser, if any, is restricted from using most of the protections, rights and remedies available under Securities Laws including, without limitation, statutory rights of rescission or damages;
 - (ii) the common law may not provide investors with an adequate remedy in the event that they suffer investment losses in connection with securities acquired in a private placement;
 - (iii) the Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, will not receive information that may otherwise be required to be provided to the Purchaser and each beneficial purchaser, if any, under applicable Securities Laws or contained in a prospectus prepared in accordance with applicable Securities Laws; and
 - (iv) the Company is relieved from certain obligations that would otherwise apply under such applicable Securities Laws.
 - (e) the Securities are being offered for sale only on a "private placement" basis;
 - (f) the Purchaser has received a copy of the Term Sheet attached hereto as Schedule A, setting out the principal terms of the offering;
 - (g) all costs and expenses incurred by the Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting, (including any fees and disbursements of legal counsel retained by the Purchaser or any beneficial purchaser) relating to the purchase of the Purchaser's Securities shall be borne solely by the Purchaser or the beneficial purchaser;
 - (h) in purchasing the Purchaser's Securities, the Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, has relied solely upon this Subscription Agreement and publicly available information relating to the Company and not upon any other document or verbal or written representation as to any fact or otherwise made by or on behalf of the Company or any employee, agent or affiliate thereof or any other person associated therewith. The Company's counsel, Bennett Jones, does not assume any responsibility or liability of any nature whatsoever for the accuracy or adequacy of the information upon which the Purchaser's or the beneficial purchaser's, if any, investment decision has been made. The Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting, is not relying upon anyone to conduct any due diligence investigation on behalf of the Purchaser concerning the Offering, the Securities, the Company's business, management, financial position, condition or prospects. The Company's counsel, Bennett Jones, is entitled to the benefit of this subsection;
 - (i) the Securities will be subject to certain resale restrictions under the Securities Laws and the Purchaser agrees to comply with such restrictions. The Purchaser also acknowledges that it has been advised to consult its own legal advisors with respect to applicable resale restrictions and that it is solely responsible (and the Company is not in any manner responsible) for complying with such restrictions. For purposes of complying with the Securities Laws, including National Instrument 45-102 – *Resale of Securities*, the Purchaser and each beneficial purchaser, if any, for whom it is acting as trustee or agent, understands and acknowledges that upon the issuance of the Securities, all the certificates representing the Securities shall bear, as applicable and in addition to any legends set forth on Schedule D (if applicable), a legend substantially in the following form:
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“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE DISTRIBUTION DATE].”

- (j) no person has made any written or oral representations: that any person will resell or repurchase the Purchaser’s Securities; that any person will refund the Purchase Price or as to the future price or value of the Securities;
 - (k) the original Purchaser may not engage in any hedging transactions involving the Purchaser’s Securities or resell or otherwise transfer the Securities to U.S. Persons or to persons in the United States or to or for the account or benefit of U.S. Persons or persons in the United States, except in compliance with the U.S. Securities Act and applicable state securities legislation;
 - (l) unless the Purchaser has executed and delivered Schedule D hereto: (i) is not, and is not purchasing the Purchaser’s Securities on behalf of (as agent or otherwise), or for the account or benefit of, a person in the United States or a U.S. Person; (ii) was not offered or sold the Purchaser’s Securities in the United States; (iii) did not, nor did its authorized signatory, receive, execute or deliver this Subscription Agreement inside the United States; and (iv) acknowledges, or if applicable, each person for whom it is contracting hereunder, acknowledges, that it has not purchased the Securities as a result of any directed selling efforts, as such term is used in Regulation S, or any general solicitation or general advertising, as such terms are defined in Regulation D promulgated under the U.S. Securities Act, including, without limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
 - (m) the current structure of this transaction and all transactions and activities contemplated hereunder is not a scheme to avoid the registration requirements of the U.S. Securities Act;
 - (n) the Purchaser is solely responsible for obtaining such tax, investment, legal and other professional advice as it considers appropriate in connection with the offer, sale and issuance of the Securities, the execution, delivery and performance by it of this Subscription Agreement, applicable tax considerations and the applicable hold periods and resale restrictions imposed in respect of the Securities by applicable securities legislation and regulatory policies, and confirms that it (and any disclosed principal, if applicable) is not relying on the Issuer or counsel to any of them in this regard. The Purchaser is solely responsible for compliance with applicable resale restrictions and applicable tax legislation;
 - (o) the Company may complete additional financings in the future in order to develop the business of the Company and fund its ongoing development, and such future financings may have a dilutive effect on current shareholders of the Company, including the Purchaser, and there is no assurance that such financing will be available, on reasonable terms or at all, and if not available, the Company may be unable to fund its ongoing development;
 - (p) Bennett Jones is acting solely as counsel to the Company and not as counsel to the Purchaser;
 - (q) in purchasing the Purchaser’s Securities, the Purchaser (and, if applicable, the beneficial purchaser, if any) is not relying upon anyone to conduct any due diligence investigation on behalf of the Purchaser concerning the Offering, the Purchaser’s Securities, or the Company’s business, management, financial position, condition or prospects;
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- (r) the Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, has had the opportunity to review this Subscription Agreement and the Schedules attached hereto and the transactions contemplated by this Subscription Agreement and fully understands the same; and
- (s) the Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, has had the opportunity to ask questions and receive answers concerning the terms and conditions of the Offering and it has had access to such information concerning the Company as it has considered necessary or appropriate in connection with its investment decision to acquire the Purchaser's Securities.

11. Further Acknowledgements of the Purchaser. The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, hereby acknowledges, agrees, and consents to:

- (a) the disclosure of Personal Information to each of the Company, the Securities Commissions and any other securities commission pursuant to applicable securities legislation; and
- (b) the collection, use, and disclosure of Personal Information by the Company for corporate finance and shareholder communication purposes or such other purposes as are necessary to the Company's business.

If the Purchaser is resident in or otherwise subject to the Securities Laws of the Province of Ontario, the Purchaser acknowledges and agrees that the Purchaser has been notified by the Company: of the delivery to the Ontario Securities Commission (the "OSC") of Personal Information pertaining to the Purchaser, including, without limitation, the full name, residential address and telephone number of the Purchaser, the number and type of securities purchased and the total Purchase Price paid in respect of the Purchaser's Securities; that this information is being collected indirectly by the OSC under the authority granted to it in securities legislation; that this information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario; and that the title, business address and business telephone number of the public official in Ontario who can answer questions about the OSC's indirect collection of the information is the Administrative Assistant to the Director of Corporate Finance, the Ontario Securities Commission, Suite 1903, Box 55, 20 Queen Street West, Toronto, ON M5H 3S8, Telephone: (416) 593-8086, Facsimile: (416) 593-8252.

If the Purchaser is resident in or otherwise subject to the Securities Laws of the Province of British Columbia, the Purchaser acknowledges: (i) that the British Columbia Securities Commission ("BCSC") will publish part of Form 45-106F6, which is required to be filed under NI 45-106, on its website (including the Personal Information about non-individual Purchasers) and allow for the inspection of the full form (including the Personal Information about individual Purchasers) at the BCSC's office; (ii) that the disclosure of such Personal Information; and (iii) that questions about such indirect collection of information by the BCSC should be directed to the following telephone number (604) 899-6854 or 1-800-373-6393 (toll free access across Canada) or by facsimile at (604) 899-6506 or in person or writing at P.O. Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC, V7Y 1L2.

12. Purchaser's Covenants. If the Company has reason to believe the Purchaser or beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent does not qualify as an "accredited investor" under applicable Securities Laws, the Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent covenants and agrees to provide information as reasonably requested by the Company to verify that the Purchaser or beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent qualifies as an accredited investor, which information may include, without limitation, financial records of the Purchaser or beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent.

13. No Revocation. The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, agrees that this Subscription Agreement is made for valuable consideration and, following the Closing, may not be withdrawn, cancelled, terminated, or revoked by the Purchaser without the consent of the Company.

14. Indemnity. The Purchaser, on its own behalf, and, if applicable, on behalf of each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, agrees that the Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, shall indemnify and hold harmless the Company and its respective directors, officers, employees, agents, advisors, counsel and shareholders from and against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all fees, costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any claim, lawsuit, administrative proceeding or investigation whether commenced or threatened) arising out of or based upon any representation, warranty or acknowledgement of the Purchaser made on its own behalf, and, if applicable, on behalf of each beneficial purchaser for whom it is acting as trustee or agent, contained herein or in any document furnished by the Purchaser to the Company in connection herewith being untrue in any material respect or any breach or failure by the Purchaser or any beneficial purchaser for whom it is acting as trustee or agent, to comply with any covenant or agreement made by the Purchaser herein or in any document furnished by the Purchaser to the Company in connection herewith. With respect to any indemnified person who is not a party to this Subscription Agreement, it is the intention of the Purchaser and each beneficial purchaser for whom it is acting as trustee or agent, if any, to constitute the Company as trustee for such indemnified persons of the rights and benefits of this Section 14 and the Company agrees to accept such trust and to hold the rights and benefits of this Section 14 in trust for and on behalf of each such indemnified person. The Company agrees that it shall indemnify and hold harmless the Purchaser, and, if applicable, each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, and their respective directors, officers, employees, agents, advisors, counsel and shareholders from and against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all fees, costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any claim, lawsuit, administrative proceeding or investigation whether commenced or threatened) arising out of or based upon any representation, warranty or acknowledgement of the Company contained herein or in any document furnished by the Company to the Purchaser in connection herewith being untrue in any material respect or any breach or failure by the Company to comply with any covenant or agreement made by the Company herein or in any document furnished by the Company to the Purchaser in connection herewith.

15. Modification. Subject to the terms hereof, neither this Subscription Agreement nor any provision hereof shall be modified, changed, discharged or terminated except by an instrument in writing signed by the party against whom any waiver, change, discharge or termination is sought.

16. Assignment. The terms and provisions of this Subscription Agreement shall be binding upon and enure to the benefit of the Purchaser, the Company and their respective successors and assigns; provided that this Subscription Agreement shall not be assignable by the Company without the prior written consent of the Purchaser. For greater certainty this Subscription Agreement may be transferred or assigned by the Purchaser to any of its affiliates without the prior written consent of the Company, subject to compliance with applicable laws (including, without limitation, applicable Securities Laws), and effective upon notice the Company.

17. Change in Information. The Purchaser, on its own behalf and (if applicable) on behalf of others for whom it is contracting hereunder, agrees that the representations, warranties and covenants of the Purchaser herein will be true and correct both as of the Purchaser's execution of this Subscription Agreement and as of the Closing Time and will survive the completion of the issuance of the Securities. The representations, warranties and covenants of the Purchaser herein are made with the intent that they be relied upon by the Company and its counsel in determining the eligibility of a purchaser of Units and the Purchaser agrees to indemnify and save harmless the Company and its affiliates, shareholders, directors, officers, employees, counsel and agents against all losses, claims, costs, expenses and damages or liabilities which any of them may suffer or incur which are caused or arise from a breach thereof. The Purchaser undertakes to immediately notify the Company at LEEF Brands Inc., Suite 2500 – 666 Burrard Street, Vancouver, British Columbia, V6C 2X8, Canada, Attention: Kevin Wilson, email: kevin@leefca.com of any change in any statement or other information relating to the Purchaser set forth herein which takes place prior to the Closing Time.

18. Miscellaneous and Counterparts. All representations, warranties, agreements, and covenants made or deemed to be made by the Purchaser (and, if applicable, others for whom it is contracting hereunder) herein will survive the execution and delivery, and acceptance, of this Subscription Agreement and the Closing. This Subscription Agreement may be executed in any number of counterparts, each of which when delivered, either in original or electronic form, shall be deemed to be an original and all of which together shall constitute one and the same document.

19. Governing Law. This Subscription Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, hereby irrevocably attorns to the jurisdiction of the courts of the Province of Ontario with respect to any matters arising out of this Subscription Agreement.

20. Electronic Subscriptions. The Company shall be entitled to rely on delivery by electronic means of an executed copy of this Subscription Agreement (including, the applicable Subscriber Certificate), and acceptance by the Company of such electronic copy shall be legally effective to create a valid and binding agreement between the Purchaser and the Company in accordance with the terms hereof.

21. Entire Agreement. This Subscription Agreement (including the Schedules hereto) contains the entire agreement of the parties hereto relating to the subject matter hereof and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein. This Subscription Agreement may be amended or modified in any respect by written instrument only.

22. Language. In connection with the proposed offering of Units, the undersigned hereby requests that all documentation available, including the Subscription Agreement, be prepared and forwarded in the English language only. *Dans le cadre du placement propose de reçu de souscription de LEEF Brands Inc., le soussigné consent par les présentes à ce que la documentation relative à ce placement proposé, y compris la convention de souscription, soit rédigée et soumise en la langue anglaise seulement.*

23. Time of Essence. Time shall be of the essence of this Subscription Agreement.

24. Currency. All dollar amounts referred to in this Subscription Agreement are in U.S. dollars, unless otherwise indicated.

25. Further Assurances. Each of the parties hereto shall do or cause to be done all such acts and things and shall execute or cause to be executed all such documents, agreements and other instruments as may reasonably be necessary or desirable for the purpose of carrying out the provisions and intent of this Subscription Agreement.

26. Singular and Plural, etc. Where the context so requires, words importing the singular number include the plural and vice versa, and words importing gender shall include the masculine, feminine, and neuter genders.

27. Headings. The headings contained herein are for convenience only and shall not affect the meaning or interpretation hereof.

28. Notices. Any and all notices, designations, consents, offers, acceptances or any other communication provided for herein; shall be given in writing by (i) recognized local same day or next day delivery courier, (ii) when sent by electronic mail (without receipt of any transmission error message), or (iii) Federal Express or other similar internationally recognized overnight delivery service, in each instance, with receipt requested; shall be deemed to have been given on the earlier to occur of the date of actual delivery, or one day after delivered to Federal Express or other similar internationally recognized overnight delivery service for next day delivery; and shall be addressed, in the case of the Purchaser, to the address of the Purchaser indicated on the signature page hereto, and in the case of the Company, to the address indicated on the instruction page, or in each case, to such other address as may be designated in writing by either party pursuant to this Section.

[remainder of page intentionally left blank]

**SCHEDULE A
TERM SHEET**

Issuer	LEEF Brands Inc. (the “ Company ”)
Offering	Up to USD \$3.0 million of Units (the “ Offering ”)
Issue Price	CAD \$0.25 per Unit.
Units	Each “ Unit ” shall consist of: (a) one common share of the Company (each, a “ Common Share ”); and (b) one warrant entitling the holder thereof to purchase one Common Share on the terms set out therein (each, a “ Warrant ”).
Warrants	Each Warrant shall: 1. entitle the holder thereof to purchase one Common Share at an exercise price of CAD \$0.30 per Common Share; and 2. expire 24 months from the date of issuance.
Voting	Holders of Common Shares are entitled to one vote per common share at all meetings of the Company’s shareholders.
Dividends	Holders of Common Shares are entitled to receive dividends as and when declared by the directors of the Company.
Use of Proceeds	Proceeds of the Offering shall be used primarily for commencement and support of operations at the farm known as Salisbury Canyon Ranch.

Closing	On or about March 12, 2026 (the “ Closing ”).
Agent	The Company may pay participating securities dealers a fee, commensurate with prevailing industry norms, in cash and/or warrants.
Hold Period	The Units issued in the Offering will be subject to a four month hold period under provincial securities laws in Canada and the Canadian Securities Exchange (“CSE”) policies, and may be subject to additional resale restrictions based upon the jurisdiction in which the Purchaser is resident. The Units have not been and will not be registered under the United States Securities Act of 1933, as amended, or the securities laws of any state of the United States, and may not be offered or sold to any person who is a U.S. Purchaser absent registration or an exemption from applicable registration requirements. The Purchaser is advised to consult its own legal counsel or advisors to determine the resale restrictions that may be applicable to them.
Conditions	Closing of the Offering is subject to the following: 1. Receipt of applicable corporate, regulatory and other third party approvals, including the CSE. 2. Completion by the Company, the Purchaser and their respective advisors of “due diligence” investigations satisfactory to the parties in their respective sole discretion. 3. No material adverse change in the affairs of the Company having occurred.
Definitive Agreement	To effect the Offering, the Company and the Purchaser shall enter into a definitive subscription agreement and related agreements, which shall contain the terms, conditions, representations, warranties and covenants set out in this Term Sheet and such other the terms, conditions, representations, warranties and covenants as are customary for transactions of the nature and magnitude contemplated herein (collectively, the “ Definitive Agreement ”). The Company and the Purchaser shall use commercially reasonable efforts to enter into the Definitive Agreement by Closing.
Confidentiality	This Term Sheet is subject to the Confidentiality Agreement entered into between the Purchaser and the Company, and accordingly the existence, status and terms of the parties’ negotiations and agreements regarding the Offering will be kept confidential.

SCHEDULE B

ACCREDITED INVESTOR STATUS CERTIFICATE

Capitalized terms not specifically defined in this Schedule B have the meanings ascribed to them in the Subscription Agreement to which this Schedule B is attached.

The categories listed herein contain certain specifically defined terms. If you are unsure as to the meanings of those terms, or are unsure as to the applicability of any category below, please contact your broker and/or legal advisor before completing this certificate.

In connection with the purchase by the undersigned Purchaser of the Purchaser's Securities, the Purchaser, on its own behalf and on behalf of each of the beneficial purchasers for whom the Purchaser is acting (collectively, the "**Purchaser**"), hereby represents, warrants, covenants and certifies to the Company (and acknowledges that the Company and its counsel are relying thereon) that:

- (a) the Purchaser is resident in or otherwise subject to the securities laws of one of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Newfoundland and Labrador, Nova Scotia, New Brunswick or Prince Edward Island;
- (b) the Purchaser is purchasing the Purchaser's Securities as principal for its own account and not for the benefit of any other person or is deemed to be purchasing as principal pursuant to NI 45-106;
- (c) the Purchaser is an "accredited investor" within the meaning of NI 45-106 on the basis that the undersigned fits within one of the categories of an "accredited investor" reproduced below beside which the undersigned has indicated the undersigned belongs to such category;
- (d) the Purchaser was not created or is not used solely to purchase or hold securities as an accredited investor as described in paragraph (m) below;
- (e) if the Purchaser is an individual and does not meet the criteria set out in subparagraph (j.1) of this Schedule B, it has duly completed and executed a copy of the Risk Acknowledgement Certificate in the form attached hereto as Appendix I to this Schedule B;
- (f) upon execution of this Schedule B by the Purchaser, this Schedule B shall be incorporated into and form a part of the Subscription Agreement.

(PLEASE CHECK THE BOX OF THE APPLICABLE CATEGORY OF ACCREDITED INVESTOR)

- ☐ (a) except in Ontario, a Canadian financial institution, or a Schedule III bank;
 - (a.1) in Ontario, a financial institution that is (i) a bank listed in Schedule I, II or III of the *Bank Act* (Canada); (ii) an association to which the *Cooperative Credit Associations Act* (Canada) applies or a central cooperative credit society for which an order has been made under subsection 473(1) of that Act; or (iii) a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative or credit union league or federation that is authorized by a statute of Canada or Ontario to carry on business in Canada or Ontario, as the case may be;
 - ☐ (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada);
 - ☐ (c) a subsidiary of any person referred to in paragraphs (a), (a.1) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary;
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- ☐ (d) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer, except in Ontario as otherwise prescribed by the regulations under the *Securities Act* (Ontario);
- ☐ (e) an individual registered or formerly registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d);
- ☐ (e.1) an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador),
- ☐ (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada;
- ☐ (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec;
- ☐ (h) any national, federal, state, provincial, territorial or municipal government or in any foreign jurisdiction, or any agency of that government;
- ☐ (i) a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada), a pension commission or similar regulatory authority of a jurisdiction of Canada;
- ☐ (j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000 (**note: check only if you do not qualify under option (j.1) immediately below**);

[PLEASE ALSO COMPLETE SECTIONS 2-4 OF APPENDIX I]

- ☐ (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$5,000,000 (**note: if individual accredited investors wish to purchase through wholly-owned holding companies or similar entities, such purchasing entities must qualify under section (t) below, which must be initialled**);
- ☐ (k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year;

[PLEASE ALSO COMPLETE SECTIONS 2-4 OF APPENDIX I]

- ☐ (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000;

[PLEASE ALSO COMPLETE SECTIONS 2-4 OF APPENDIX I]

- ☐ (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements;
 - ☐ (n) an investment fund that distributes or has distributed its securities only to
 - (i) a person that is or was an accredited investor at the time of the distribution
 - (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 [*Minimum amount investment*] or 2.19 [*Additional investment in investment funds*] of NI 45-106, or
 - (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 [*Investment fund reinvestment*] of NI 45-106;
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- ☐ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt;
- ☐ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be;
- ☐ (q) a person acting on behalf of a fully managed account managed by that person, if that person (i) is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction;
- ☐ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded;
- ☐ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function;
- ☐ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors;
- ☐ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser;
- ☐ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor; or
- ☐ (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.

For the purposes hereof, the following definitions are included for convenience:

- (a) “**Canadian financial institution**” means (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (b) “**company**” means any corporation, incorporated association, incorporated syndicate or other incorporated organization;
- (c) “**control person**” means
 - (i) a person who holds a sufficient number of the voting rights attached to all outstanding voting securities of an issuer to affect materially the control of the issuer, or
 - (ii) each person in a combination of persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding, which holds in total a sufficient number of the voting rights attached to all outstanding voting securities of an issuer to affect materially the control of the issuer,

and, if a person or combination of persons holds more than 20% of the voting rights attached to all outstanding voting securities of an issuer, the person or combination of persons is deemed, in the absence of evidence to the contrary, to hold a sufficient number of the voting rights to affect materially the control of the issuer;

- (d) **“director”** means
 - (i) a member of the board of directors of a company or an individual who performs similar functions for a company, and
 - (ii) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company;
 - (e) **“eligibility adviser”** means
 - (i) a person that is registered as an investment dealer and authorized to give advice with respect to the type of security being distributed; and
 - (ii) in Saskatchewan or Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not:
 - (A) have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders or control persons, and
 - (B) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;
 - (f) **“entity”** means a company, syndicate, partnership, trust or unincorporated organization;
 - (g) **“executive officer”** means, for an issuer, an individual who is
 - (i) a chair, vice-chair or president,
 - (ii) a vice-president in charge of a principal business unit, division or function including sales, finance or production, or
 - (iii) performing a policy-making function in respect of the issuer;
 - (h) **“financial assets”** means cash, securities, or a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;
 - (i) **“foreign jurisdiction”** means a country other than Canada or a political subdivision of a country other than Canada;
 - (j) **“founder”** means, in respect of an issuer, a person who, (i) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and (ii) at the time of the distribution or trade is actively involved in the business of the issuer;
 - (k) **“fully managed account”** means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client’s express consent to a transaction;
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- (l) “**investment fund**” means a mutual fund or a non-redeemable investment fund, and, for greater certainty in British Columbia, includes an employee venture capital corporation that does not have a restricted constitution, and is registered under Part 2 of the *Employee Investment Act* (British Columbia), R.S.B.C. 1996 c. 112, and whose business objective is making multiple investments and a venture capital corporation registered under Part 1 of the *Small Business Venture Capital Act* (British Columbia), R.S.B.C. 1996 c. 429 whose business objective is making multiple investments;
- (m) “**jurisdiction**” or “jurisdiction of Canada” means a province or territory of Canada except when used in the term foreign jurisdiction;
- (n) “**non-redeemable investment fund**” means an issuer:
 - (i) whose primary purpose is to invest money provided by its securityholders;
 - (ii) that does not invest
 - (A) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, or
 - (B) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund, and
 - (iii) that is not a mutual fund;
- (o) “**person**” includes
 - (i) an individual;
 - (ii) a corporation;
 - (iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not; and
 - (iv) an individual or other person in that person’s capacity as a trustee, executor, administrator or personal or other legal representative;
- (p) “**related liabilities**” means liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets and liabilities that are secured by financial assets;
- (q) “**Schedule III bank**” means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);
- (r) “**spouse**” means an individual who (i) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual, (ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or (iii) in Alberta, is an individual referred to in paragraph (i) or (ii), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta); and
- (s) “**subsidiary**” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

Under NI 45-106 a person or company is an affiliate of another person or company if one is a subsidiary of the other, or if each of them is controlled by the same person or company.

Under NI 45-106 and except under Part 2 Division 4 of NI 45-106, a person (first person) is considered to control another person (second person) if (a) the first person beneficially owns or, directly or indirectly, exercises control or direction over securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation, (b) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership, or (c) the second person is a limited partnership and the general partner of the limited partnership is the first person.

Under NI 45-106 a trust company or trust corporation described in paragraph (p) above of the definition of “accredited investor” (other than in respect of a trust company or trust corporation registered under the laws of Prince Edward Island that is not registered or authorized under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in another jurisdiction of Canada) is deemed to be purchasing as principal.

Under NI 45-106 a person described in paragraph (q) above of the definition of “accredited investor” is deemed to be purchasing as principal.

The foregoing representations contained in this certificate are true and accurate as of the date of this certificate and will be true and accurate as of the Closing Time. If any such representations shall not be true and accurate prior to the Closing Time, the undersigned shall give immediate written notice of such fact to the Company prior to the Closing Time.

DATED: _____ SIGNED: _____

Witness (if Purchaser is an individual)

Print the name of witness

Print the name of Purchaser

If Purchaser is not an individual,
print name and title of authorized signing officer

APPENDIX I TO SCHEDULE B
RISK ACKNOWLEDGEMENT CERTIFICATE

WARNING! This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.	
SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER	
1. About your investment	
Type of securities: Units	Issuer: LEEF Brands Inc.
Purchased from: Issuer	
SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER	
2. Risk acknowledgement	
This investment is risky. Initial that you understand that:	
Risk of loss – You could lose your entire investment of \$ _____. <i>[Instruction: Insert the total dollar amount of the investment.]</i>	Your Initials
Liquidity risk – You may not be able to sell your investment quickly – or at all.	
Lack of information – You may receive little or no information about your investment.	
Lack of advice – You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to www.aretheyregistered.ca .	
3. Accredited investor status	
You must meet at least one of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.	
• Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.)	Your initials
• Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.	
• Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.	
• Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)	
4. Your name and signature	
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.	
First and last name (please print):	
Signature:	Date:
SECTION 5 TO BE COMPLETED BY THE SALESPERSON	
5. Salesperson information	
<i>[Instruction: The salesperson is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant or a person who is exempt from the registration requirement.]</i>	
First and last name of salesperson (please print):	
Telephone:	Email:
Name of firm (if registered):	
SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER	
6. For more information about this investment	
LEEF Brands Inc. Suite 2500 Park Place, 666 Burrard Street Vancouver, BC V6C 2X8 Contact person: Kevin Wilson Email: kevin@leefca.com	
For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca.	

SCHEDULE C

FOREIGN PURCHASER'S CERTIFICATE

(Residents of Jurisdictions other than Canada and Non-U.S. Purchasers)

TO: LEEF BRANDS INC. (the “Company”)

Capitalized terms not specifically defined in this Schedule C have the meanings ascribed to them in the Subscription Agreement to which this Schedule C is attached.

In connection with the purchase by the undersigned Purchaser of the Purchaser's Securities, the Purchaser, on its own behalf and on behalf of each of the beneficial purchasers for whom the Purchaser is acting, hereby represents, warrants, covenants and certifies to the Company (and acknowledges that the Company and its counsel are relying thereon) that:

1. it is knowledgeable of, or has been independently advised as to, the applicable securities laws of the securities regulatory authorities (“**Authorities**”) having application in its jurisdiction of residence or by which it is otherwise governed (the “**International Jurisdiction**”) that would apply to this subscription, if there are any;
 2. it is purchasing the Securities pursuant to exemptions from any substantive or procedural requirements (including without limitation exemptions from prospectus or registration requirements or equivalent requirements) under the applicable securities laws of the Authorities in the International Jurisdiction or, if such is not applicable, the Purchaser is permitted to purchase the Securities under the applicable securities laws of the Authorities in the International Jurisdiction without the need to rely on any exemption;
 3. by committing to acquire the Securities, it has obtained all necessary consents and authorizations to enable it to agree to subscribe for the Securities and to perform its obligations under this Subscription Agreement and it has otherwise observed the laws and regulatory requirements of the International Jurisdiction, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in such International Jurisdiction in connection with its acceptance and it has not taken any action which will or may result in the Company acting in breach of any regulatory or legal requirements of any territory or jurisdiction in connection with the Offering;
 4. the applicable laws of the Authorities in the International Jurisdiction do not require the Company to make any filings or seek any approvals or exemptions of any nature whatsoever from any Authority of any kind whatsoever in the International Jurisdiction in connection with the sale of the Securities;
 5. the purchase of the Securities by the Purchaser does not trigger: (a) any obligation to prepare and file a prospectus or similar document, (b) any other report with respect to such purchase in the International Jurisdiction or (c) any continuous disclosure reporting obligation of the Company in the International Jurisdiction;
 6. it will provide such evidence of compliance with all such matters as the Company or its counsel may request and it will, if requested by the Company, deliver to the Company, as applicable, a certificate or opinion of local counsel from the International Jurisdiction which will confirm the matters referred to in paragraphs 2, 3 and 4 above to the satisfaction of the Company, as the case may be;
 7. upon execution of this Schedule C by or on behalf of the Purchaser, this Schedule C shall be incorporated into and form a part of the Subscription Agreement. Capitalized terms used herein but not defined shall have the meanings ascribed to them in the Subscription Agreement to which this Schedule C is attached;
 8. if any representations and warranties contained in this Schedule C shall not be true and accurate prior to the Closing Time, the undersigned shall give immediate written notice of such fact to the Company prior to the Closing Time;
 9. The Subscriber has no intention to sell or distribute either directly or indirectly any of the Purchased Securities in Canada; and
 10. The Subscriber's purchase of the Purchased Securities is not part of a plan or scheme to avoid the prospectus requirements in connection with a distribution to a person or company in Canada.
-

DATED: _____

SIGNED: _____

Witness (if Purchaser is an individual)

Print the name of witness

Print the name of Purchaser

If Purchaser is not an individual,
print name and title of authorized signing officer

Address of Purchaser

Address of Purchaser (cont'd)

SCHEDULE D

U.S. PURCHASER'S CERTIFICATE

TO: LEEF BRANDS INC. (the “Company”)

Reference is made to the subscription agreement between the Company and the undersigned (referred to herein as the “Purchaser”) dated as of the date hereof to which this Schedule D is attached (the “**Subscription Agreement**”). Upon execution of this Subscriber Certificate by the Purchaser, this Subscriber Certificate will be incorporated into and form a part of the Subscription Agreement. *Capitalized terms not specifically defined in this Schedule D have the meanings ascribed to them in the Subscription Agreement to which this Schedule D is attached.*

In connection with the purchase of the Purchaser's Securities by the Purchaser, the Purchaser represents, warrants and covenants and certifies to the Company and acknowledges that the Company is relying thereon that:

- (a) the Purchaser is purchasing the Units comprised of Common Shares and Warrants (and the underlying Warrant Shares) (collectively, the “**Securities**”) for its own account (or for the account or one or more beneficial purchasers over which the Purchaser has sole investment discretion) and the Securities are being purchased for investment purposes only and not with a view to resale or distribution or for the account or benefit of anyone other than the Purchaser (or such beneficial purchaser). The Purchaser has no intention to distribute either directly or indirectly any of the Securities in the United States; provided, however, that this paragraph shall not restrict the Purchaser from selling or otherwise disposing of any of the Securities pursuant to registration thereof pursuant to the U.S. Securities Act and any applicable state securities laws or under an exemption from such registration requirements;
- (b) the Purchaser understands and acknowledges that the Securities have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States, and that the offer and sale of Securities to it are being made in reliance upon the exemption from registration provided by Rule 506(b) of Regulation D under the U.S. Securities Act and similar exemptions under applicable state securities laws;
- (c) the Purchaser (and any beneficial purchaser) is an “accredited investor”, within the meaning of Rule 501(a) of Regulation D (a “U.S. Accredited Investor”), and satisfies the category of U.S. Accredited Investor set forth below:

(PLEASE CHECK THE BOX FOR THE APPLICABLE CATEGORY OF ACCREDITED INVESTOR AND EXECUTE THIS CERTIFICATE ON THE LAST PAGE HEREOF. PLEASE INITIAL “P” BESIDE THE CATEGORY FOR THE PURCHASER AND “BP” BESIDE THE CATEGORY FOR THE BENEFICIAL PURCHASER.)

- | | |
|--------------------------------------|---|
| ☐ Category 1. | A bank, as defined in Section 3(a)(2) of the U.S. Securities Act, whether acting in its individual or fiduciary capacity; or |
| ☐ Category 2. | A savings and loan association or other institution as defined in Section 3(a)(5)(A) of the U.S. Securities Act, whether acting in its individual or fiduciary capacity; or |
| ☐ Category 3. | A broker or dealer registered pursuant to Section 15 of the United States Securities Exchange Act of 1934, as amended; or |
| ☐ Category 4. | An insurance company as defined in Section 2(a)(13) of the U.S. Securities Act; or |
-

- ____ Category 5. An investment company registered under the United States Investment Company Act of 1940, as amended; or
- ____ Category 6. A business development company as defined in Section 2(a)(48) of the United States Investment Company Act of 1940, as amended; or
- ____ Category 7. A small business investment company licensed by the U.S. Small Business Administration under Section 301 (c) or (d) of the United States Small Business Investment Act of 1958, as amended; or
- ____ Category 8. A plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, with total assets in excess of U.S. \$5,000,000; or
- ____ Category 9. An employee benefit plan within the meaning of the United States Employee Retirement Income Security Act of 1974, as amended, in which the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser, or an employee benefit plan with total assets in excess of U.S. \$5,000,000 or, if a self directed plan, with investment decisions made solely by persons who are U.S. Accredited Investors; or
- ____ Category 10. A private business development company as defined in Section 202(a)(22) of the United States Investment Advisers Act of 1940, as amended; or
- ____ Category 11. An organization described in Section 501(c)(3) of the United States Internal Revenue Code of 1976, as amended, a corporation, a Massachusetts or similar business trust, or a partnership, not formed for the specific purpose of acquiring the Securities, with total assets in excess of U.S. \$5,000,000; or
- ____ Category 12. A trust, with total assets in excess of U.S. \$5,000,000, not formed for the specific purpose of acquiring the Securities, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) under the U.S. Securities Act;
- ____ Category 13. Any director or executive officer of the Company; or
- ____ Category 14. Any natural person whose individual net worth, or joint net worth with that person's spouse, exceeds U.S. \$1,000,000 (for purposes of calculating net worth: (i) a person's primary residence shall not be included as an asset, (ii) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of the Securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of the Securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability) and (iii) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of sale of the Securities shall be included as a liability); or
- ____ Category 15. A natural person who had an individual income in excess of U.S. \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of U.S. \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year; or
- ____ Category 16. An entity in which all of the equity owners are U.S. Accredited Investors;
-

- (d) the Purchaser acknowledges that it has not purchased the Securities as a result of any form of “general solicitation” or “general advertising” within the meaning of Regulation D under the U.S. Securities Act, including, without limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or on the internet, or broadcast over radio, television, or the internet, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
- (e) the Purchaser understands and agrees that the Securities will be “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act, and that if it decides to offer, sell, pledge or otherwise transfer the Securities, it may not offer, sell, pledge or otherwise transfer any of such Securities, directly or indirectly, unless the transfer is made:
 - (i) to the Company;
 - (ii) outside the United States in a transaction meeting the requirements of Rule 904 of Regulation S and in compliance with applicable local laws and regulations;
 - (iii) in compliance with (A) Rule 144A under the U.S. Securities Act, if available, or (B) Rule 144 under the U.S. Securities Act, if available, and, in each case, in compliance with applicable state securities laws; or
 - (iv) in another transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws; and

the Purchaser has prior to any transfer pursuant to clauses (iii)(B) or (iv) (and, if required by the Company or any transfer agent for the Securities, clause (ii)) above furnished to the Company (and the transfer agent, if applicable) an opinion of counsel of recognized standing, or other evidence, reasonably satisfactory to the Company to the effect that such transfer does not require registration under the U.S. Securities Act or applicable state securities laws;

- (f) the Purchaser and each beneficial purchaser for whom it is acting acknowledge and agree that upon the original issuance thereof, and until such time as the same is not required under applicable requirements of the U.S. Securities Act and applicable state securities laws, the certificates representing the Securities, and all certificates issued in exchange therefor or in substitution thereof, will bear a legend substantially in the following form:

“THE SECURITIES REPRESENTED HEREBY [OR ISSUABLE IN EXCHANGE HEREOF] HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF LEEF BRANDS INC. THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO LEEF BRANDS INC., (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S (“REGULATION S”) UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE CANADIAN LOCAL LAWS AND REGULATIONS, (C) IN ACCORDANCE WITH (1) RULE 144A UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, OR (2) RULE 144 UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, AND, IN EACH CASE, IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(2) OR (D) ABOVE, A LEGAL OPINION OR OTHER EVIDENCE REASONABLY SATISFACTORY TO LEEF BRANDS INC. MUST FIRST BE PROVIDED.”

provided, that if Securities are being sold under clause (B) above, the legend set forth above may be removed by providing a declaration to the Company and any transfer agent for the Securities, in the form attached as Appendix I to this Schedule D (or in such form as the Company may from time to time prescribe), together with any other evidence reasonably satisfactory to the Company that may be required by the Company or any transfer agent for the Securities, which evidence may include, without limitation, an opinion of counsel of recognized standing, to the effect that the legend is no longer required under applicable requirements of the U.S. Securities Act;

notwithstanding the foregoing, the Company's transfer agent, if any, may impose additional requirements for the removal of legends from Securities sold in accordance with Rule 904 of Regulation S under the U.S. Securities Act in the future; and

provided, further, that if any such Securities are being sold pursuant to Rule 144 under the U.S. Securities Act, or in a transaction that does not require registration under the U.S. Securities Act or applicable state securities laws, the above legend may be removed by delivery to the Company or any duly appointed transfer agent for the Securities of an opinion of counsel, of recognized standing, reasonably satisfactory to the Company, to the effect that such legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws;

- (g) the Purchaser (and any beneficial purchaser) consents to the Company making a notation on its records or giving instruction to the registrar and transfer agent of the Company in order to implement the restrictions on transfer with respect to the Securities set forth and described herein;
- (h) the Purchaser (and any beneficial purchaser) acknowledges and agrees that the Warrants may not be exercised by or on behalf of a U.S. Person or a person in the United States unless an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available to the holder and the holder has furnished an opinion of counsel of recognized standing in form and substance reasonable satisfactory to the Company to such effect; provided, however, that a U.S. Accredited Investor that purchased the Warrants in the Offering and completed this U.S. Purchaser's Certificate will not be required to deliver an opinion of counsel in connection with its exercise of the Warrants, at a time when it is a U.S. Accredited Investor;
- (i) the Purchaser (and any beneficial purchaser) understands and acknowledges that the Company has no obligation or present intention of filing with the United States Securities and Exchange Commission or with any state securities administrator any registration statement in respect of resales of the Securities in the United States;
- (j) the Purchaser (and any beneficial purchaser) has had the opportunity to ask questions of and receive answers from the Company regarding the investment, and has received all the information regarding the Company that it has requested;
- (k) the Purchaser (and any beneficial purchaser) has had access to such information concerning the Company as it has considered necessary or appropriate in connection with its investment decision to acquire the Securities;
- (l) the office or other address of the Purchaser at which the Purchaser received and accepted the offer to purchase the Securities is the address listed as the "Purchaser's Address" on the signature page of the Subscription Agreement;
- (m) the Purchaser understands and acknowledges that if the Company were to ever be deemed to be, or to have at any time previously been, an issuer with (i) no or nominal operations and (ii) no or nominal assets other than cash and cash equivalents, Rule 144 under the U.S. Securities Act may be unavailable with respect to resales of the Securities, and the Company is under no obligation to take, and has no present intention of taking, any required action in order to make Rule 144 under the U.S. Securities Act available with respect to resales of the Securities;
- (n) the Purchaser (and any beneficial purchaser) is aware that (i) purchasing, holding and disposing of the Securities may have tax consequences under the laws of both Canada and the United States, (ii) the tax consequences for prospective investors who are resident in, or citizens of, the United States are not described in this Subscription Agreement, and (iii) it is solely responsible for determining the tax consequences applicable to its particular circumstances and should consult its own tax advisors concerning investment in such securities; in particular, no determination has been made whether the Company will be a "passive foreign investment company" within the meaning of Section 1297 of the United States Internal Revenue Code of 1986, as amended (the "Code");
- (o) the Purchaser is aware that its ability to enforce civil liabilities under the United States federal securities laws may be affected adversely by, among other things: (i) the fact that the Company is organized under the laws of Canada; (ii) some or all of the directors and officers may be residents of countries other than the United States; and (iii) all or a substantial portion of the assets of the Company and such persons may be located outside the United States;
- (p) the Purchaser (and any Disclosed Principal) understands and agrees that the financial statements of the Company have been prepared in accordance with International Financial Reporting Standards and are subject to Canadian auditing standards and auditor independence standards, which differ in some respects from United States generally accepted accounting principles, auditing standards and auditor independence standards, respectively, and thus may not be comparable to financial statements of United States companies; and
- (q) it acknowledges that the representations, warranties and covenants contained in this Schedule D are made by it with the intent that they may be relied upon by the Company in determining its eligibility to purchase the Securities.

[signature page follows]

The foregoing representations contained in this certificate are true and accurate as of the date of this certificate and will be true and accurate as of the Closing Time. If any such representations shall not be true and accurate prior to the Closing Time, the undersigned shall give immediate written notice of such fact to the Company prior to the Closing Time.

Dated: _____

Signed: _____

Witness (If Purchaser is an Individual)

Print Name of Purchaser

Print Name of Witness

If Purchaser is not an Individual,
Print Name and Title of Authorized Signing Officer

APPENDIX I TO SCHEDULE D

DECLARATION FOR REMOVAL OF LEGEND

TO: The transfer agent for LEEF Brands Inc.
AND TO: LEEF Brands Inc.

The undersigned (a) acknowledges that the current sale of _____ of LEEF Brands Inc. (the “**Company**”) to which this declaration relates, represented by certificate number _____, is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), and (b) certifies that (1) the undersigned is not an “affiliate” (as that term is defined in Rule 405 under the U.S. Securities Act) of the Company, (2) the offer of such securities was not made to a person in the United States and either (A) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believed that the buyer was outside the United States, or (B) the transaction was executed in, on or through the facilities of the Toronto Stock Exchange or the TSX Venture Exchange (or another designated offshore securities market) and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States, (3) neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the offer and sale of such securities, (4) the sale is bona fide and not for the purpose of “washing off” the resale restrictions imposed because the securities are “restricted securities” (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act), (5) the seller does not intend to replace such securities with fungible unrestricted securities and (6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S under the U.S. Securities Act, is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Unless otherwise defined herein, terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

Dated: _____

Name of Seller

By: _____

Name: _____

Title: _____

**LEEF BRANDS INC.
SUBSCRIPTION AGREEMENT**

INSTRUCTION PAGE

☐ Complete and sign pages 2 and 3 of the Subscription Agreement.

☐ Complete the appropriate Schedule to the Subscription Agreement.

☐ If you are resident in Canada and purchasing under the “Accredited Investor” exemption, complete and sign Schedule B – Accredited Investor Status Certificate attached to the Subscription Agreement. If you are subscribing as an individual and you do not meet the criteria set out in subparagraph (j.1) of the Accredited Investor Status Certificate, complete and sign Appendix I – *Risk Acknowledgement Certificate* attached to Schedule B.

☐ If you are not resident in Canada or a U.S. Purchaser (as defined below), complete and sign Schedule C – Foreign Purchaser’s Certificate attached to the Subscription Agreement.

☐ If you are a person who is (i) in the United States, (ii) a U.S. Person, (iii) purchasing the Purchaser’s Securities for the account or benefit of a person that is in the United States or a U.S. Person, (iv) a person that received an offer to purchase the Purchaser’s Securities while in the United States or (v) a person that executed this Subscription Agreement while in the United States (collectively, a “**U.S. Purchaser**”), then complete and sign Schedule D – U.S. Purchaser’s Certificate attached to the Subscription Agreement.

(Note: See Section 3 of the Subscription Agreement for further details)

Deliver a completed and originally executed copy of this Subscription Agreement and a bank draft or wire transfer to “**LEEF Holdings, Inc.**”, at the street address, email address and/or bank account below, by no later than 4:00 p.m. (Toronto time) on [], 2026:

175 North Lenore Ave.
Willits, California 95490
Attention: Kevin Wilson
Email: kevin@leefca.com

Wire Instructions

Beneficiary Name	LEEF Holdings, Inc. 175 North Lenore Ave. Willits, California 95490
Beneficiary Bank Name	East West Bank
Account Number	8420004569
Routing Number	322070381
Beneficiary Account No.	8420004569
Swift Code	EWBKUS66XXX
Bank Address	9300 Flair Drive, 4 th Fl. El Monte, California 91731

SUBSCRIPTION AGREEMENT

A completed and originally executed copy of this Subscription Agreement, including all applicable schedules hereto, must be delivered in hard copy or electronically, by no later than 4:00 p.m. (Toronto time) on [], 2026 to: LEEF Holdings, Inc., 175 North Lenore Avenue, Willits, California, Attention: Kevin Wilson.

TO: LEEF Brands Inc. (the “Company”)

The undersigned (the “**Purchaser**”), on its own behalf, and, if applicable, on behalf of those for whom the undersigned is contracting hereunder, hereby irrevocably subscribes for and agrees to purchase the number of preferred shares (the “**Preferred Shares**”) of the Company set out below, at a price of CAD \$0.38 per Preferred Share, subject to the following terms and conditions. Each Preferred Share is convertible into one Common Share of the Company (each, a “**Conversion Share**”) at a conversion price of CAD \$0.38 per Common Share. This subscription agreement, which for certainty includes and incorporates the attached Terms and Conditions of Subscription (the “**Terms and Conditions of Subscription**”) and the schedules attached hereto, are collectively referred to as the “**Subscription Agreement**”. A Term Sheet with respect to the offering is attached hereto Schedule A. The Accredited Investor Status Certificate attached hereto as Schedule B, the Foreign Purchaser’s Certificate attached hereto as Schedule C and the U.S. Purchaser’s Certificate attached hereto as Schedule D, are each referred to in the Subscription Agreement as a “**Subscriber Certificate**” and collectively referred to in the Subscription Agreement as the “**Subscriber Certificates**”. The Purchaser, on its own behalf, and, if applicable, on behalf of each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, agrees to be bound by the Terms and Conditions of Subscription, including without limitation the representations, warranties and covenants set forth in the schedules attached thereto, and the representations, warranties and covenants set forth in the applicable Subscriber Certificate, and acknowledges and agrees, without limitation, that the Company and its counsel may rely on the Purchaser’s representations, warranties and covenants contained in the Subscription Agreement.

Issuer: LEEF Brands Inc.

Issue Price Per Preferred Share:

Total Purchase Price (USD):¹

Number and kind of securities of the Company currently owned (directly or indirectly)

Registrant (Y/N) (for Purchasers resident in British Columbia only)

Issue: Preferred Shares

CAD \$0.38

\$

DATED this 12th day of March, 2026.

¹ The number of Preferred Shares to be delivered to the Purchaser will be determined using the USD:CAD exchange rate published by the Bank of Canada on a date that is no more than two business days prior to the Closing Time. The total number of Preferred Shares issued will be rounded down to the nearest whole number. No fractional Preferred Shares shall be issued.

Name and Address of Purchaser

(Name of Purchaser - please print)

(Purchaser's Address)

by _____
Authorized Signature

(Address)

(Official Capacity or Title – please print)

(Telephone Number)

(Please print name of individual whose signature appears above if different than the name of the Purchaser printed above.)

(Email Address)

Details of Beneficial Purchaser (i.e. party for whom the undersigned is contracting, if not the same as the Purchaser identified above). If the Purchaser is signing as agent for a principal and is not a trust company or a portfolio manager, in either case, purchasing as trustee or agent for accounts fully managed by it, please ensure that **Schedule B**, **Schedule C** or **Schedule D** hereto, as applicable, is completed on behalf of such principal.

(Beneficial Purchaser's Name – please print)

(Beneficial Purchaser's Address)

(if space is inadequate please attach a schedule containing the necessary information)

(Beneficial Purchaser's Telephone Number)

Registration Instructions:

Delivery Instructions:

(Name)

(Account Reference, if applicable)

(Account Reference, if applicable)

(Address)

(Contact Name)

(Address)

(Address)

(Address)

(Address)

(Address)

(Telephone Number)

(Email Address)

ACCEPTANCE

The foregoing is acknowledged, accepted, and agreed to this ____ day of _____, 2026.

LEEF BRANDS INC.

Per: _____
Name: Micah Anderson
Title: Director and Chief Executive Officer

TERMS AND CONDITIONS OF SUBSCRIPTION

1. Subscription. The Purchaser hereby tenders to the Company this Subscription Agreement which, upon acceptance by the Company, will constitute an irrevocable agreement of the Purchaser to purchase from the Company, and of the Company to sell to the Purchaser, the number of Preferred Shares set out on the face page hereof (the “**Purchaser’s Securities**”) at a price of CAD \$0.38 per Preferred Share (the “**Issue Price**”), all on the terms and subject to the conditions set out in this Subscription Agreement. The Purchaser’s Securities form part of a larger offering of Preferred Shares (the “**Offering**”) for total gross proceeds of up to approximately USD \$3,000,000. The Offering is being made on a private placement basis.

The Company may increase the Offering (“**Increased Offering**”) at the Company’s sole discretion. There is no fixed minimum amount of gross proceeds. Unless the context otherwise requires, all references herein to Offering, Preferred Shares, Conversion Shares and Securities include any such securities of the Company issuable in connection with the Increased Offering.

2. Definitions. In this Subscription Agreement, unless the context otherwise requires:

- (a) “**associate**”, “**affiliate**” and “**distribution**” and “**insider**” have the respective meanings ascribed to them in the *Securities Act* (Ontario);
 - (b) “**CAD**” means Canadian Dollars, the lawful currency of Canada;
 - (c) “**Closing**” means the completion of the issue and sale by the Company and the purchase by the Purchasers of Preferred Shares pursuant to the provisions of this Subscription Agreement;
 - (d) “**Closing Date**” has the meaning ascribed to it in Section 4 of this Subscription Agreement;
 - (e) “**Closing Time**” means 4:00 p.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the Company may decide in its sole discretion;
 - (f) “**Common Shares**” means common shares in the capital of the Company as constituted from time to time;
 - (g) “**Company**” has the meaning ascribed to it on the face page of this Subscription Agreement;
 - (h) “**Conversion Shares**” has the meaning ascribed to it on the face page of this Subscription Agreement;
 - (i) “**Designated Jurisdictions**” means all of the provinces of Canada, to the extent that any Purchasers are resident therein;
 - (j) “**Governmental Entity**” has the meaning ascribed to it in Section 5(f) of this Subscription Agreement;
 - (k) “**Increased Offering**” has the meaning ascribed to it in Section 1 of this Subscription Agreement;
 - (l) “**Initial Closing Date**” means March 12, 2026 or such other date as the Company may decide in its sole discretion;
 - (m) “**Issue Price**” has the meaning ascribed to it in Section 1 of this Subscription Agreement;
 - (n) “**Money Laundering Laws**” has the meaning ascribed to it in Section 5(h) of this Subscription Agreement;
 - (o) “**NI 45-106**” means National Instrument 45-106 *Prospectus and Registration Exemptions* as such instrument is in effect at Closing in the Designated Jurisdiction in which the Purchaser resides;
 - (p) “**Offering**” has the meaning ascribed to it in Section 1 of this Subscription Agreement;
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- (q) **“person”** shall be broadly interpreted and shall include an individual, firm, corporation, syndicate, partnership, trust, association, unincorporated organization, joint venture, investment club, government or agency or political subdivision thereof and every other form of legal or business entity of whatsoever nature or kind;
 - (r) **“Personal Information”** means any information about a person (whether an individual or otherwise) required to be disclosed to a Securities Commission or stock exchange, whether pursuant to a form or request made by a Securities Commission or stock exchange, and includes, but is not limited to, the amount of Preferred Shares purchased by such person and whether the Purchaser is an “insider” of the Company or a “registrant” (each as defined under applicable Securities Laws of the Province of Ontario) or any other information contained in this Subscription Agreement (including, for greater certainty, the Subscriber Certificates incorporated by reference herein);
 - (s) **“Preferred Shares”** has the meaning ascribed to it on the face page of this Subscription Agreement;
 - (t) **“Purchase Price”** means the product of the Issue Price and the total number of Purchaser’s Securities subscribed for under this Subscription Agreement;
 - (u) **“Purchaser”** has the meaning ascribed to it on the face page of this Subscription Agreement;
 - (v) **“Purchaser’s Securities”** has the meaning ascribed to it in Section 1 of this Subscription Agreement;
 - (w) **“Purchasers”** means, collectively, all purchasers of the Preferred Shares, including the Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent;
 - (x) **“Regulation S”** means Regulation S promulgated under the U.S. Securities Act;
 - (y) **“Sanctions”** has the meaning ascribed to it in Section 5(i) of this Subscription Agreement;
 - (z) **“Securities”** means collectively, the Preferred Shares and the Conversion Shares;
 - (aa) **“Securities Commissions”** means, collectively, the applicable securities commission or other securities regulatory authority in each of the Designated Jurisdictions;
 - (bb) **“Securities Laws”** means, collectively, the applicable securities laws of each of the Designated Jurisdictions and the respective regulations and rules made and forms prescribed thereunder together with all applicable and legally enforceable published policy statements, multilateral or national instruments, blanket orders, rulings and notices of the Securities Commissions;
 - (cc) **“Subscriber Certificate”** has the meaning ascribed to it on the face page of this Subscription Agreement;
 - (dd) **“Subscription Agreement”** has the meaning ascribed to it on the face page of this Subscription Agreement;
 - (ee) **“Terms and Conditions of Subscription”** has the meaning ascribed to it on the face page of this Subscription Agreement;
 - (ff) **“U.S. Person”** means a U.S. person as defined in Rule 902(k) of Regulation S under the U.S. Securities Act;
 - (gg) **“U.S. Purchaser”** means any person who is (i) in the United States, (ii) a U.S. Person, (iii) purchasing the Purchaser’s Securities for the account or benefit of a person that is in the United States or a U.S. Person, (iv) a person that received an offer to purchase the Purchaser’s Securities while in the United States or (v) a person that executed this Subscription Agreement while in the United States;
 - (hh) **“U.S. Securities Act”** means the United States Securities Act of 1933, as amended; and
 - (ii) **“United States”** means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.
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3. Delivery and Payment. The Purchaser agrees that the following shall be delivered to LEEF Holdings, Inc. at the address and by the date and time set out on the face page hereof, or such other time, date or place as the Company may advise:

- (a) a completed and duly signed copy of this Subscription Agreement;
- (b) one of the following:
 - (i) if the Purchaser or beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, is resident in Canada and purchasing the Purchaser's Securities in reliance on the "accredited investor" exemption provided by Section 2.3 of NI 45-106:
 - (A) a duly completed and executed copy of the Accredited Investor Status Certificate in the form attached hereto as Schedule B; and
 - (B) if the Purchaser or beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent is an individual and does not meet the criteria set out in subparagraph (j.1) of the Accredited Investor Status Certificate attached hereto as Schedule B, a duly completed and executed copy of the Risk Acknowledgement Certificate in the form attached hereto as Appendix I to Schedule B; or
 - (ii) if the Purchaser or beneficial purchaser, if any, is resident in a jurisdiction outside of Canada and is not a U.S. Purchaser, a duly completed and executed copy of the Foreign Purchaser's Certificate in the form attached hereto as Schedule C;
 - (iii) if the Purchaser is a U.S. Purchaser, a duly completed and executed copy of the U.S. Purchaser's Certificate in the form attached hereto as Schedule D;
- (c) a certified cheque, bank draft or wire transfer made payable on or before the Closing Date in same day freely transferable U.S. funds to "**LEEF Holdings, Inc.**" representing the Purchase Price payable by the Purchaser for the Purchaser's Securities, or such other method of payment of the same amount against delivery of the Purchaser's Securities as the Company may accept; and
- (d) any other documents required by the Securities Laws which the Company requests.

The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, acknowledges and agrees that such documents, when executed and delivered by the Purchaser, will form part of and will be incorporated into this Subscription Agreement with the same effect as if each constituted a representation and warranty or covenant of the Purchaser hereunder in favour of the Company. The Purchaser and each such beneficial purchaser consents to the filing of such documents as may be required to be filed with the Securities Commissions in connection with the transactions contemplated hereby. The Purchaser, and any beneficial purchaser for whom the Purchaser is acting as trustee or agent, agrees that the Company is irrevocably authorized to correct minor errors or omissions in the information provided by the Purchaser in this Subscription Agreement, any applicable Subscriber Certificate, and any other documents or forms delivered by the Purchaser in connection with the transactions contemplated hereby, if any.

4. Closing. The transactions contemplated hereby will be completed electronically or at the offices of Bennett Jones LLP ("**Bennett Jones**"). The initial closing shall occur on the Initial Closing Date and each subsequent closing date, if any, shall occur on such other date or time as the Company may determine (each a "**Closing Date**"). If the terms and conditions contained in this Subscription Agreement have been complied with prior to the Closing Date, as determined by the Company, Bennett Jones shall deliver all completed Subscription Agreements to the Company along with payment of the aggregate proceeds to the Company and such other documentation as may be required pursuant to the Subscription Agreement.

If the terms and conditions contained in this Subscription Agreement (other than delivery by the Company of certificates representing the Preferred Shares) have not been complied with prior to the Closing Date, as determined by the Company, the Company and the Purchaser will have no further obligations under this Subscription Agreement. The Purchaser will take up, purchase and pay for the Purchaser's Securities at Closing upon acceptance of this offer by the Company.

5. Representations, Warranties and Covenants of the Company. The Company hereby represents and warrants to, and covenants with, the Purchaser as follows as of the date hereof and as of the Closing Time and acknowledges that the Purchaser is relying on such representations and warranties in connection with the transactions contemplated herein:

- (a) the Company is a validly subsisting corporation incorporated under the laws of British Columbia, is in good standing and has full corporate power and authority to perform each of its obligations as herein contemplated and has requisite corporate power and capacity to carry on its business as now conducted and to own its assets;
 - (b) this Subscription Agreement, when accepted by the Company, and all other certificates and instruments delivered in connection with the Offering will, on the Closing Date, constitute legal, valid and binding obligations of the Company enforceable in accordance with their respective terms subject to bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction;
 - (c) the execution and delivery of, and the performance of the terms of the Subscription Agreement by the Company, including the issue of the Preferred Shares, does not and will not constitute a breach of or default under the constating documents of the Company or any law, regulation, order or ruling applicable to the Company or any agreement, contract or indenture to which the Company is a party or by which it is bound including but not limited to its articles of incorporation, bylaws, or other formation documents;
 - (d) the authorized capital of the Company consists of an unlimited number of Common Shares, of which, as of the date hereof, 257,947,996 Common Shares were issued and outstanding as fully paid and non-assessable. Except for the Company's 109,252,299 outstanding warrants, 25,735,458 outstanding restricted stock units and 12,222,059 outstanding stock options, there are no outstanding rights, commitments or other entitlements to purchase securities of the Company;
 - (e) the Company and each of its Subsidiaries (as defined in NI 45-106) have complied with and are not in violation, in any material respect, of any applicable laws, with the exception of the U.S. Controlled Substances Act, 21 USC 801 et seq., as it applies to marijuana;
 - (f) neither the Company nor any of its Subsidiaries has received any written notices or other written correspondence from any (i) international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau, ministry, agency or instrumentality, domestic or foreign, (ii) subdivision or authority of any of the above, (iii) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, or (iv) stock exchange (each, a "**Governmental Entity**") (1) regarding any violation (or any investigation, inspection, audit, or other proceeding by any Governmental Entity involving allegations of any violation) of any law or (2) of any circumstances that may have existed or currently exist which could lead to a loss, suspension, or modification of, or a refusal to issue, any material Authorization. To the knowledge of the Company, no investigation, inspection, audit or other proceeding by any Governmental Entity involving allegations of any material violation of any law by the Company or any of its Subsidiaries is threatened or contemplated;
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- (g) neither the Company, its Subsidiaries nor any of their directors, executives, representatives, agents or employees has (i) used or is using any corporate funds for any illegal contributions, gifts, entertainment or other expenses relating to political activity that would be illegal, (ii) used or is using any corporate funds for any direct or indirect illegal payments to any foreign or domestic governmental officials or employees, (iii) violated or is violating any provision of the *United States Foreign Corrupt Practices Act of 1977*, the *Corruption of Foreign Public Officials Act* (Canada) or any similar laws of other jurisdictions, (iv) established or maintained, or is maintaining, any illegal fund of corporate monies or other properties or (v) made any bribe, illegal rebate, illegal payoff, influence payment, kickback or other illegal payment of any nature;
- (h) the operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the “**Money Laundering Laws**”) and no action, suit or proceeding by or before any court of governmental authority or any arbitrator non-Governmental Entity involving the Company or any of its Subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened;
- (i) none of the Company or any of its Subsidiaries or any director, officer, agent, employee or affiliate of the Company or any of its Subsidiaries, has had any sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department, the Government of Canada or any other relevant sanctions authority (collectively, the “**Sanctions**”) imposed upon any such person, and the Company and its Subsidiaries are not in violation of any of the Sanctions or law or executive order relating thereto, or are conducting business with any person subject to any Sanctions;
- (j) there are no material claims, proceedings, actions or lawsuits in existence, or, to the Company’s knowledge, pending or threatened, against the Company;
- (k) for a period of twenty-four (24) months after the Closing Date, the Company shall not acquire, by purchase or otherwise, any cryptocurrency, including but not limited to Bitcoin, except for nominal amounts accepted by the Company in business-to-business transactions; and
- (l) following any hold periods imposed by the Securities Laws, the Company shall use its best efforts to register the Conversion Shares with any Governmental Entity necessary for the sale of the Conversion Shares on the Toronto Stock Exchange, the TSX Venture Exchange, or other similar exchange.

6. Reliance upon and Survival of Representations, Warranties and Covenants of the Company. The Company acknowledges that the Purchaser is relying on the foregoing representations, warranties and covenants in connection with the transactions contemplated herein, all of which shall survive the Closing and, notwithstanding such Closing and notwithstanding any subsequent disposition by the Purchaser of any of the Purchaser’s Securities shall continue in full force and effect for the benefit of the Purchaser following the Closing Date.

7. Conditions of Closing. The Purchaser acknowledges that the Company’s obligation to sell the Purchaser’s Securities to the Purchaser is subject to, among other things, the following conditions:

- (a) the Purchaser or beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, executing and returning to the Company all documents required by applicable Securities Laws (including but not limited to the applicable Subscriber Certificate) for delivery on behalf of the Purchaser or beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, including, without limitation, the applicable Schedules attached hereto by no later than the date and time set out on the face page hereof;
 - (b) the Company having obtained all required regulatory approvals (including those that may be required under Securities Laws) to permit the completion of the transactions contemplated hereby;
 - (c) there having been no material adverse change in the affairs of the Company, and the representations and warranties of the Company being true in all material respects as of the Closing Date, unless such representation or warranty speaks to an earlier date, in which case, such representation or warranty shall be true in all material respects as of such date;
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- (d) the offer, issue, sale and delivery of the Purchaser's Securities being exempt from the requirements to file a prospectus, registration statement, or deliver an offering memorandum (as defined in applicable Securities Laws) or any similar document under applicable Securities Laws and other applicable securities laws relating to the sale of the Purchaser's Securities, or the Company having received such orders, consents or approvals as may be required to permit such sale without the requirement of filing a prospectus or registration statement or delivering an offering memorandum or any similar document; and
- (e) the representations and warranties of the Purchaser set out herein, including in any applicable Subscriber Certificate attached hereto, being true and correct as at the Closing Time.

The Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, acknowledges and agrees that the sale of the Preferred Shares will not be qualified by a prospectus and the Preferred Shares have not been and will not be registered under the U.S. Securities Act, or applicable state securities laws, and further that, such sale is subject to the condition that the Purchaser (or, if applicable, any others for whom the Purchaser is contracting hereunder) signs and returns to the Company or Bennett Jones all relevant documentation required by the Securities Laws and other applicable securities laws relating to the sale of the Purchaser's Securities.

The Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, acknowledges and agrees that the Company will be required to provide to the Securities Commissions a list setting out the identities of the beneficial purchasers of the Preferred Shares. Notwithstanding that the Purchaser may be purchasing the Purchaser's Securities as an agent on behalf of an undisclosed principal (if permissible under the relevant Securities Laws or other applicable securities laws), the Purchaser agrees to provide, on reasonable request, particulars as to the identity of such undisclosed principal as may be required the Company in order to comply with the Securities Laws and any other applicable laws.

8. Acceptance or Rejection. The Company will have the right, in its sole discretion, to accept or reject this Subscription Agreement in whole at any time at or prior to the Closing Time. The Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, acknowledges and agrees that the acceptance of this offer will be conditional upon the issue and sale of the Purchaser's Securities to the Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, being exempt from any prospectus or offering memorandum requirements of the Securities Laws and the equivalent provisions of securities laws of any other applicable jurisdiction. The Company will be deemed to have accepted this Subscription Agreement upon the Company's execution of the acceptance at page 4 of this Subscription Agreement and the delivery at the Closing of the Purchaser's Securities to the Purchaser.

If this Subscription Agreement is rejected in whole, the Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, understands that any funds, certified cheques and bank drafts delivered by the Purchaser to Bennett Jones representing the Purchase Price for the Purchaser's Securities will be returned promptly by Bennett Jones to the Purchaser without interest or deduction.

9. Purchaser's Representations and Warranties. The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, represents and warrants to the Company as follows as of the date hereof and as of the Closing Time and acknowledges that the Company is relying on such representations and warranties in connection with the transactions contemplated in this Subscription Agreement which representations and warranties shall survive the Closing and, notwithstanding such Closing and notwithstanding any subsequent disposition by the Purchaser of any of the Purchaser's Securities shall continue in full force and effect for the benefit of the Company following the Closing Date:

- (a) **Authorization and Effectiveness.** If the Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, is an individual, he or she is of the full age of majority and has all requisite legal capacity and competence to execute and deliver this Subscription Agreement and to observe and perform its covenants and obligations hereunder, or if the Purchaser, or beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, is a corporation, the Purchaser, or beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, is duly incorporated and is a valid and existing corporation, has the necessary corporate capacity and authority to execute and deliver this Subscription Agreement, to subscribe for the Purchaser's Securities and to observe and perform its covenants and obligations hereunder and has taken all necessary corporate action in respect thereof, or, if the Purchaser, or beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, is a partnership, syndicate or other form of unincorporated organization, the Purchaser, or beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, has the necessary legal capacity and authority to execute and deliver this Subscription Agreement, to subscribe for the Purchaser's Securities and to observe and perform its covenants and obligations hereunder and has obtained all necessary approvals in respect thereof, and, in any case, upon acceptance by the Company, this Subscription Agreement will constitute a legal, valid and binding agreement of the Purchaser and the beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, enforceable against the Purchaser and the beneficial purchaser in accordance with its terms and will not result in a violation of or create a state of facts which, after notice, lapse of time or both, would constitute a default or breach of any of the Purchaser's and beneficial purchaser's constating documents, by-laws or authorizing resolutions (if applicable), any agreement to which the Purchaser or the beneficial purchaser is a party or by which the Purchaser or beneficial purchaser is bound or any law applicable to the Purchaser or beneficial purchaser or any judgment, decree, order, statute, rule or regulation applicable to the Purchaser or beneficial purchaser;
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- (b) **Residence.** The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, was offered the Preferred Shares in, and is a resident of, or if not an individual has its head office in, the jurisdiction referred to under the heading “Name and Address of Purchaser” and “Details of Beneficial Purchaser”, respectively, set out on the face page and page 3 hereof, intends that the securities laws of that jurisdiction do and shall govern this subscription by the Purchaser of the Preferred Shares, is not aware of any reason why the laws of such jurisdiction would not govern such subscription and that such addresses were not created and are not used solely for the purpose of acquiring the Purchaser’s Securities;
 - (c) **Private Placement Exemptions.** If applicable, the Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, has properly completed, executed and delivered to the Company the applicable Subscriber Certificate attached hereto (dated as of the date hereof) and the information contained therein is, to the Purchaser’s knowledge, true and correct and the representations, warranties and covenants contained in the applicable Subscriber Certificate attached hereto will be true and correct both as of the date of execution of this Subscription Agreement and as at the Closing Time;
 - (d) **Subscriber Certificate.** The Purchaser has properly completed, executed and delivered as principal, or, if the Purchaser is contracting hereunder as trustee, agent, representative or nominee for one or more beneficial purchasers, on behalf of each such beneficial purchaser, the applicable Subscriber Certificate, and related appendix, if applicable;
 - (e) **Purchasing as Principal.** In the case of a Purchaser in Canada, unless paragraph (h) below applies, the Purchaser is purchasing the Purchaser’s Securities as principal (as defined in all applicable Securities Laws) for its own account, and not for the benefit of any other person;
 - (f) **No Syndication.** In the case of a Purchaser in Canada, the Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of “accredited investor” provided in Schedule B;
 - (g) **Investment Purposes.** The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, is purchasing the Preferred Shares for investment purposes only and not with a view to resale or distribution that would or may contravene the prospectus requirements of Securities Laws;
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(h) **Purchasing as Agent or Trustee.**

- (i) In the case of the purchase by a Purchaser in Canada of the Purchaser's Securities as agent or trustee for any principal whose identity is disclosed or identified, each beneficial purchaser of the Purchaser's Securities for whom the Purchaser is acting, is purchasing the Purchaser's Securities as principal for its own account and not for the benefit of any other person; was not created or used solely to purchase or hold securities in reliance on the "Minimum Amount Investment" exemption provided under Section 2.10 of NI 45-106 and it pre-existed the Offering and has a bona fide purpose other than investment in the Preferred Shares; and either where such beneficial purchaser is not an individual, is purchasing the Purchaser's Securities at an aggregate acquisition cost to such beneficial purchaser of not less than \$150,000, or the beneficial purchaser is an "accredited investor" as defined in NI 45-106;
 - (ii) In the case of the purchase by a Purchaser in Canada of the Purchaser's Securities as agent or trustee for any principal whose identity is disclosed or identified, the Purchaser is the duly authorized trustee or agent of such disclosed beneficial purchaser with due and proper power and authority to execute and deliver, on behalf of each such beneficial purchaser, this Subscription Agreement and all other documentation in connection with the purchase of the Purchaser's Securities hereunder, to agree to the terms and conditions herein and therein set out and to make the representations, warranties, acknowledgements and covenants herein and therein contained, all as if each such beneficial purchaser were the Purchaser and the Purchaser's actions as trustee or agent are in compliance with applicable law and the Purchaser and each beneficial purchaser acknowledges that the Company is required by law to disclose to certain regulatory authorities the identity of each beneficial purchaser of Purchaser's Securities for whom it may be acting; and
 - (iii) In the case of the purchase by a Purchaser in Canada of the Purchaser's Securities on behalf of an undisclosed beneficial purchaser, the Purchaser is deemed under applicable Securities Laws to be purchasing as principal;
- (i) **Broker.** There is no person acting or purporting to act in connection with the transactions contemplated herein who is entitled to any brokerage or finder's fee. If any person establishes a claim that any fee or other compensation is payable in connection with this subscription for the Purchaser's Securities, the Purchaser covenants to indemnify and hold harmless the Company with respect thereto and with respect to all costs reasonably incurred in the defence thereof;
- (j) **Illegal Use of Funds.** None of the funds being used to purchase the Purchaser's Securities are to the Purchaser's or beneficial purchaser's knowledge proceeds obtained or derived directly or indirectly as a result of illegal activities. The funds being used to purchase the Purchaser's Securities which will be advanced by the Purchaser to the Company hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "PCMLTFA") or the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* (the "PATRIOT Act") and the Purchaser, or beneficial purchaser, if any, for whom it is acting as trustee or agent, acknowledges that the Company may in the future be required by law to disclose the Purchaser's or beneficial purchaser's name and other information relating to this Subscription Agreement and the Purchaser's subscription hereunder, on a confidential basis, pursuant to the PCMLTFA or the PATRIOT Act. To the best of its knowledge none of the funds to be provided by the Purchaser or the beneficial purchaser are being tendered on behalf of a person or entity who has not been identified to the Purchaser, and it shall promptly notify the Company if the Purchaser or beneficial purchaser discovers that any of such representations cease to be true, and to provide the Company with appropriate information in connection therewith;
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- (k) **Trade Sanctions.** The Purchaser, and each beneficial purchaser, if any, for whom it is acting as trustee or agent, is not a person or entity identified in the *Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism*, the *Regulations Implementing the United Nations Resolutions on Taliban, ISIL (Da'esh) and Al-Qaida*, the *Regulations Implementing the United Nations Resolution on the Democratic People's Republic of Korea*, the *Regulations Implementing the United Nations Resolution on Iran*, the *Regulations Implementing the United Nations Resolutions on Somalia*, the *Regulations Implementing the United Nations Resolutions on Lebanon*, the *Regulations Implementing the United Nations Resolutions on Sudan*, the *Special Economic Measures (Sudan) Regulations*, the *Special Economic Measures (Myanmar) Regulations*, the *Special Economic Measures (Belarus) Regulations*, the *Special Economic Measures (People's Republic of China) Regulations*, the *Special Economic Measures (Haiti) Regulations*, the *Regulations Implementing the United Nations Resolutions on Haiti*, the *Special Economic Measures (Moldova) Regulations*, the *Special Economic Measures (Nicaragua) Regulations*, the *Special Economic Measures (Sri Lanka) Regulations*, the *Special Economic Measures (Guatemala) Regulations*, the *Special Economic Measures (Zimbabwe) Regulations*, the *Regulations Implementing the United Nations Resolutions and Imposing Special Economic Measures on Libya*, the *Special Economic Measures (Democratic People's Republic of Korea) Regulations*, the *Special Economic Measures (Syria) Regulations*, the *Special Economic Measures (Venezuela) Regulations*, the *Special Economic Measures (Iran) Regulations*, the *Freezing of Assets of Corrupt Foreign Officials (Tunisia) Regulations*, the *Regulations Implementing the United Nations Resolutions on Iraq*, the *Freezing Assets of Corrupt Foreign Officials (Ukraine) Regulations*, the *Special Economic Measures (Russia) Regulations*, the *Special Economic Measures (Ukraine) Regulations*, the *Regulations Implementing the United Nations Resolutions on the Central African Republic*, the *Regulations Implementing the United Nations Resolutions on Yemen*, the *Special Economic Measures (South Sudan) Regulations*, the *Regulations Implementing the United Nations Resolutions on South Sudan*, the *Special Economic Measures (Extremist Settler Violence) Regulations* and the *Special Economic Measures (Hamas Terrorist Attacks) Regulations* (collectively, the "**Trade Sanctions**"). The Purchaser (and each beneficial purchaser, if any) acknowledges that the Company may in the future be required by law to disclose the name and other information of the Purchaser and the beneficial purchaser, if any, related to the acquisition of the Purchaser's Securities hereunder, on a confidential basis, pursuant to the Trade Sanctions;
- (l) **Resale Restrictions.** The Purchaser, and each beneficial purchaser, if any, for whom it is acting as trustee or agent, have been advised to consult their own legal advisors with respect to trading in the Securities with respect to the resale restrictions imposed by the Securities Laws of the province in which the Purchaser, or beneficial purchaser, if any, for whom it is acting as trustee or agent, resides and other applicable securities laws, and acknowledges that no representation has been made respecting the applicable hold periods imposed by the Securities Laws or other resale restrictions applicable to such securities which restrict the ability of the Purchaser, or beneficial purchaser, if any, for whom it is acting as trustee or agent, to resell such securities, that the Purchaser, or beneficial purchaser, if any, for whom it is acting as trustee or agent, is solely responsible to find out what these restrictions are and the Purchaser, or beneficial purchaser, if any, for whom it is acting as trustee or agent, is solely responsible (and the Company is not in any way responsible) for compliance with applicable resale restrictions and the Purchaser is aware that it (or any beneficial purchaser for whom it is contracting hereunder) may not be able to resell such securities except in accordance with limited exemptions under the Securities Laws and other applicable securities laws. The physical certificate evidencing the Securities may bear legends denoting such restrictions;
- (m) **Compliance with Resale Restrictions.** The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, fully understands the restrictions on resale on the Purchaser's Securities and will not resell the Purchaser's Securities except in accordance with the provisions of applicable Securities Laws;
- (n) **Company or Unincorporated Organization.** If the Purchaser, and each beneficial purchaser, if any, for whom it is acting as trustee or agent, is a corporation or a partnership, syndicate, trust, association, or any other form of unincorporated organization or organized group of persons, the Purchaser or such beneficial purchaser was not created or being used solely to permit purchases of or to hold securities without a prospectus in reliance on a prospectus exemption or exemption from the registration requirements of the U.S. Securities Act;
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- (o) **Absence of Offering Memorandum or Similar Document.** The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, has not received, nor has it requested, nor does it have any need to receive, any offering memorandum or any other document describing the business and affairs of the Company (other than this Subscription Agreement), nor has any document been prepared for delivery to, or review by, prospective purchasers in order to assist them in making an investment decision in respect of the Securities being offered under the Offering;
 - (p) **Absence of Advertising.** The offering and sale of the Preferred Shares to the Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, was not made or solicited through, and the Purchaser and each such beneficial purchaser is not aware of, any general solicitation or general advertising with respect to this Offering, or any directed selling efforts within the meaning of Regulation S, including advertisements, articles, notices or other communications published in any printed public media, radio, television or telecommunications, including electronic display (such as the Internet, including but not limited to the Company's website), or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
 - (q) **No Undisclosed Information.** The decision of the Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, to tender this Subscription Agreement and acquire the Purchaser's Securities has not been made as a result of any oral or written representation (other than this Subscription Agreement) as to fact or otherwise made by or on behalf of the Company or any other person and is based entirely upon this Subscription Agreement and publicly available information relating to the Company. The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, has relied only on the information contained in this Subscription Agreement and publicly available information relating to the Company in making the decision to subscribe for the Purchaser's Securities hereunder. Except as set forth in this Subscription Agreement, no representation, (written or oral) has been made to the Purchaser or any beneficial Purchaser, if any, for whom the Purchaser is acting as trustee or agent, by or on behalf of the Company or any Agent with respect to the Offering or the purchase of the Preferred Shares;
 - (r) **Investment Suitability.** The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of the investment hereunder in the Purchaser's Securities and is able to bear the economic risk of and can afford the total loss of such investment;
 - (s) **Not an Insider.** The purchase of the Purchaser's Securities hereunder is not a transaction in which any shareholder of the Company, or any beneficial owner of securities carrying more than 10% of the voting rights attaching to all outstanding voting securities of the Company, has a direct or indirect beneficial interest, unless the Purchaser has otherwise notified the Company;
 - (t) **Not a "Control Person".** The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, is not a "control person" of the Company, as that term is defined in applicable Securities Laws, and will not become a "control person" of the Company by virtue of the purchase of the Purchaser's Securities under this Subscription Agreement and does not act or intend to act in concert with any other person to form a control group in respect of the Company, unless the Purchaser has otherwise notified the Company;
 - (u) **Other Documents.** The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, will execute and deliver any other documents required by applicable Securities Laws to permit the purchase of the Purchaser's Securities on the terms herein set forth which the Company reasonably requests;
 - (v) **Personal Information.** The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, acknowledges that this Subscription Agreement requires the Purchaser to provide certain Personal Information to the Company and its agents and advisers as reasonably necessary in connection with the proposed Offering. Such information is being collected and will be used by the Company for the purposes of completing the proposed Offering of Preferred Shares, which includes, without limitation, determining the Purchaser's eligibility to purchase the Purchaser's Securities under applicable Securities Laws, the U.S. Securities Act and applicable state securities laws and completing filings required by the Securities Commissions and under the U.S. Securities Act and applicable state securities laws. The Purchaser agrees that the Purchaser's Personal Information may be disclosed by the Company to: stock exchanges and applicable securities regulatory authorities; the Company's registrar and transfer agent; the Canada Revenue Agency or other taxing authorities; and any of the other parties involved in the proposed Offering, including legal counsel, and may be included in record books in connection with the Offering. By executing this Subscription Agreement, the Purchaser consents to the foregoing collection, use, and disclosure of the Purchaser's Personal Information. The Purchaser also consents to the filing of copies or originals of any of the Purchaser's documents described in Section 3 hereof as may be required to be filed with any stock exchange or securities regulatory authority in connection with the transactions contemplated hereby. The Purchaser represents and warrants that it has the authority to provide the consents and acknowledgements set out in this paragraph on behalf of the beneficial purchaser, if any; and
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- (w) **Compliance with United States Securities Laws.** If the Purchaser is a U.S. Purchaser, then in addition to the other representations and warranties contained herein, the Purchaser represents and warrants that:
- (i) the Purchaser is aware that the Securities have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and that the Securities may not be offered or sold, directly or indirectly, in the United States without registration under the U.S. Securities Act or compliance with requirements of an exemption from registration and it acknowledges that the Company has no present intention of filing a registration statement under the U.S. Securities Act in respect of the Securities;
 - (ii) unless the Purchaser has executed and delivered Schedule D hereto (in which case it makes the representations and warranties set forth therein), the Purchaser or any person for whom it is acting is not in the United States or a U.S. Person and is not acquiring the Securities for the account or benefit of a U.S. Person or a person in the United States or for resale in the United States and confirms that the Securities have not been offered to the Purchaser in the United States and that this Subscription Agreement has not been signed in the United States;
 - (iii) neither the Purchaser nor any person for whom it is acting will offer, sell or otherwise dispose of the Securities in the United States unless the Company has consented to such offer, sale or distribution and such offer, sale or disposition is made in accordance with an exemption from the registration requirements of the U.S. Securities Act and the securities laws of all applicable states of the United States or the Company has filed, and the U.S. Securities and Exchange Commission has declared effective, a registration statement in respect of such securities; and
 - (iv) the Purchaser, or beneficial purchaser, if any, for whom it is acting as trustee or agent, has duly completed and delivered to the Company the Subscriber Certificate appended hereto as Schedule D and represents and warrants set forth therein.
- (x) **International Purchasers.** If the Purchaser, or beneficial purchaser, if any, for whom it is acting as trustee or agent, is a resident of a country other than Canada and is not a U.S. Purchaser (an “**International Jurisdiction**”) then in addition to the other representations and warranties contained herein, the Purchaser represents and warrants that:
- (i) the Purchaser is knowledgeable of, or has been independently advised as to, the applicable securities laws of the International Jurisdiction which would apply to this Subscription Agreement, if any;
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- (ii) the Purchaser is purchasing the Purchaser's Securities pursuant to exemptions from the prospectus, financial promotion and registration requirements under the applicable securities laws of that International Jurisdiction or, if such is not applicable, the Purchaser is permitted to purchase the Purchaser's Securities under the applicable securities laws of the International Jurisdiction without the need to rely on an exemption;
- (iii) the applicable securities laws of the International Jurisdiction do not require the Company to file a prospectus, offering memorandum or similar document or to register or qualify the distribution of the Securities or for the Company to be registered with or to make any filings or seek any approvals of any kind whatsoever from any governmental or regulatory authority of any kind whatsoever in the International Jurisdiction;
- (iv) the delivery of this Subscription Agreement, the acceptance of it by the Company and the issuance of the Purchaser's Securities to the Purchaser complies with all applicable laws of the Purchaser's jurisdiction of residence or domicile and all other applicable laws and will not cause the Company to become subject to or comply with any continuous disclosure, prospectus or other periodic filing or reporting requirements under any such applicable laws; and
- (v) the Purchaser, or beneficial purchaser, if any, for whom it is acting as trustee or agent, has duly completed and delivered to the Company the Subscriber Certificate appended hereto as Schedule C and represents and warrants set forth therein.

The Purchaser and each beneficial purchaser, if any, for whom it is acting as trustee or agent, acknowledges and agrees that the foregoing representations and warranties, and the acknowledgments made in Section 10 hereof, are made by it with the intention that they may be relied upon by the Company and its counsel in determining the Purchaser's eligibility or (if applicable) the eligibility of others on whose behalf it is contracting hereunder to purchase the Purchaser's Securities under the Securities Laws and other applicable securities laws. The Purchaser and each beneficial purchaser further agrees that by accepting delivery of the Purchaser's Securities on the Closing Date, it shall be representing and warranting that the foregoing representations and warranties are true and correct as at the Closing Time with the same force and effect as if they had been made by the Purchaser at the Closing Time and that they shall survive the purchase by the Purchaser of the Purchaser's Securities and shall continue in full force and effect notwithstanding any subsequent disposition by the Purchaser or the beneficial purchaser of the Purchaser's Securities. The Purchaser and the beneficial purchaser undertakes to notify the Company immediately of any change in any representation, warranty or other information relating to the Purchaser or beneficial purchaser set out in this Subscription Agreement which takes place prior to the Closing Time. If the Purchaser is acquiring the Preferred Shares for the account or benefit of one or more investor accounts, the Purchaser represents and warrants that it has the sole investment discretion with respect to each such investor account and that it has full power and authority to make the foregoing representations and warranties and the acknowledgments in Section 10 hereof.

10. Purchaser's Acknowledgements. The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting, acknowledges and agrees that:

- (a) this Subscription Agreement is subject to rejection or acceptance by the Company, in whole, and is effective only upon acceptance by the Company;
 - (b) no agency, securities commission, governmental authority, regulatory body, stock exchange or other entity has reviewed or passed on, made any finding or determination as to the merit for investment of, nor have any such agencies, securities commissions or governmental authorities made any recommendation or endorsement with respect to the Securities or the Offering; there is no government or other insurance covering the Securities; and there are risks associated with the purchase of the Securities;
 - (c) the purchase of the Purchaser's Securities has not been or will not be (as applicable) made through, or as a result of, and the distribution of the Purchaser's Securities is not being accompanied by, a general solicitation or advertisement including articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
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- (d) in the case of any Purchaser or beneficial purchaser in Canada, no prospectus or other offering document has been filed by the Company with a securities commission or other securities regulatory authority in any province of Canada, or any other jurisdiction in or outside of Canada in connection with the issuance of the Securities and such issuance is exempt from the prospectus requirements otherwise applicable under the provisions of Securities Laws and, as a result, in connection with its purchase of the Purchaser's Securities hereunder, as applicable:
- (i) the Company has advised the Purchaser that the Company is relying on an exemption from the requirements to provide the Purchaser with a prospectus and that the Purchaser and each beneficial purchaser, if any, is restricted from using most of the protections, rights and remedies available under Securities Laws including, without limitation, statutory rights of rescission or damages;
 - (ii) the common law may not provide investors with an adequate remedy in the event that they suffer investment losses in connection with securities acquired in a private placement;
 - (iii) the Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, will not receive information that may otherwise be required to be provided to the Purchaser and each beneficial purchaser, if any, under applicable Securities Laws or contained in a prospectus prepared in accordance with applicable Securities Laws; and
 - (iv) the Company is relieved from certain obligations that would otherwise apply under such applicable Securities Laws.
- (e) the Securities are being offered for sale only on a "private placement" basis;
- (f) the Purchaser has received a copy of the Term Sheet attached hereto as Schedule A, setting out the principal terms of the offering;
- (g) all costs and expenses incurred by the Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting, (including any fees and disbursements of legal counsel retained by the Purchaser or any beneficial purchaser) relating to the purchase of the Purchaser's Securities shall be borne solely by the Purchaser or the beneficial purchaser;
- (h) in purchasing the Purchaser's Securities, the Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, has relied solely upon this Subscription Agreement and publicly available information relating to the Company and not upon any other document or verbal or written representation as to any fact or otherwise made by or on behalf of the Company or any employee, agent or affiliate thereof or any other person associated therewith. The Company's counsel, Bennett Jones, does not assume any responsibility or liability of any nature whatsoever for the accuracy or adequacy of the information upon which the Purchaser's or the beneficial purchaser's, if any, investment decision has been made. The Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting, is not relying upon anyone to conduct any due diligence investigation on behalf of the Purchaser concerning the Offering, the Securities, the Company's business, management, financial position, condition or prospects. The Company's counsel, Bennett Jones, is entitled to the benefit of this subsection;
- (i) the Securities will be subject to certain resale restrictions under the Securities Laws and the Purchaser agrees to comply with such restrictions. The Purchaser also acknowledges that it has been advised to consult its own legal advisors with respect to applicable resale restrictions and that it is solely responsible (and the Company is not in any manner responsible) for complying with such restrictions. For purposes of complying with the Securities Laws, including National Instrument 45-102 – *Resale of Securities*, the Purchaser and each beneficial purchaser, if any, for whom it is acting as trustee or agent, understands and acknowledges that upon the issuance of the Securities, all the certificates representing the Securities shall bear, as applicable and in addition to any legends set forth on Schedule D (if applicable), a legend substantially in the following form:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE DISTRIBUTION DATE]."

- (j) no person has made any written or oral representations: that any person will resell or repurchase the Purchaser's Securities; that any person will refund the Purchase Price or as to the future price or value of the Securities;
 - (k) the original Purchaser may not engage in any hedging transactions involving the Purchaser's Securities or resell or otherwise transfer the Securities to U.S. Persons or to persons in the United States or to or for the account or benefit of U.S. Persons or persons in the United States, except in compliance with the U.S. Securities Act and applicable state securities legislation;
 - (l) unless the Purchaser has executed and delivered Schedule D hereto: (i) is not, and is not purchasing the Purchaser's Securities on behalf of (as agent or otherwise), or for the account or benefit of, a person in the United States or a U.S. Person; (ii) was not offered or sold the Purchaser's Securities in the United States; (iii) did not, nor did its authorized signatory, receive, execute or deliver this Subscription Agreement inside the United States; and (iv) acknowledges, or if applicable, each person for whom it is contracting hereunder, acknowledges, that it has not purchased the Securities as a result of any directed selling efforts, as such term is used in Regulation S, or any general solicitation or general advertising, as such terms are defined in Regulation D promulgated under the U.S. Securities Act, including, without limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
 - (m) the current structure of this transaction and all transactions and activities contemplated hereunder is not a scheme to avoid the registration requirements of the U.S. Securities Act;
 - (n) the Purchaser is solely responsible for obtaining such tax, investment, legal and other professional advice as it considers appropriate in connection with the offer, sale and issuance of the Securities, the execution, delivery and performance by it of this Subscription Agreement, applicable tax considerations and the applicable hold periods and resale restrictions imposed in respect of the Securities by applicable securities legislation and regulatory policies, and confirms that it (and any disclosed principal, if applicable) is not relying on the Issuer or counsel to any of them in this regard. The Purchaser is solely responsible for compliance with applicable resale restrictions and applicable tax legislation;
 - (o) the Company may complete additional financings in the future in order to develop the business of the Company and fund its ongoing development, and such future financings may have a dilutive effect on current shareholders of the Company, including the Purchaser, and there is no assurance that such financing will be available, on reasonable terms or at all, and if not available, the Company may be unable to fund its ongoing development;
 - (p) Bennett Jones is acting solely as counsel to the Company and not as counsel to the Purchaser;
 - (q) in purchasing the Purchaser's Securities, the Purchaser (and, if applicable, the beneficial purchaser, if any) is not relying upon anyone to conduct any due diligence investigation on behalf of the Purchaser concerning the Offering, the Purchaser's Securities, or the Company's business, management, financial position, condition or prospects;
 - (r) the Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, has had the opportunity to review this Subscription Agreement and the Schedules attached hereto and the transactions contemplated by this Subscription Agreement and fully understands the same; and
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- (s) the Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, has had the opportunity to ask questions and receive answers concerning the terms and conditions of the Offering and it has had access to such information concerning the Company as it has considered necessary or appropriate in connection with its investment decision to acquire the Purchaser's Securities.

11. Further Acknowledgements of the Purchaser. The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, hereby acknowledges, agrees, and consents to:

- (a) the disclosure of Personal Information to each of the Company, the Securities Commissions and any other securities commission pursuant to applicable securities legislation; and
- (b) the collection, use, and disclosure of Personal Information by the Company for corporate finance and shareholder communication purposes or such other purposes as are necessary to the Company's business.

If the Purchaser is resident in or otherwise subject to the Securities Laws of the Province of Ontario, the Purchaser acknowledges and agrees that the Purchaser has been notified by the Company: of the delivery to the Ontario Securities Commission (the "OSC") of Personal Information pertaining to the Purchaser, including, without limitation, the full name, residential address and telephone number of the Purchaser, the number and type of securities purchased and the total Purchase Price paid in respect of the Purchaser's Securities; that this information is being collected indirectly by the OSC under the authority granted to it in securities legislation; that this information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario; and that the title, business address and business telephone number of the public official in Ontario who can answer questions about the OSC's indirect collection of the information is the Administrative Assistant to the Director of Corporate Finance, the Ontario Securities Commission, Suite 1903, Box 55, 20 Queen Street West, Toronto, ON M5H 3S8, Telephone: (416) 593-8086, Facsimile: (416) 593-8252.

If the Purchaser is resident in or otherwise subject to the Securities Laws of the Province of British Columbia, the Purchaser acknowledges: (i) that the British Columbia Securities Commission ("BCSC") will publish part of Form 45-106F6, which is required to be filed under NI 45-106, on its website (including the Personal Information about non-individual Purchasers) and allow for the inspection of the full form (including the Personal Information about individual Purchasers) at the BCSC's office; (ii) that the disclosure of such Personal Information; and (iii) that questions about such indirect collection of information by the BCSC should be directed to the following telephone number (604) 899-6854 or 1-800-373-6393 (toll free access across Canada) or by facsimile at (604) 899-6506 or in person or writing at P.O. Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC, V7Y 1L2.

12. Purchaser's Covenants. If the Company has reason to believe the Purchaser or beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent does not qualify as an "accredited investor" under applicable Securities Laws, the Purchaser and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent covenants and agrees to provide information as reasonably requested by the Company to verify that the Purchaser or beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent qualifies as an accredited investor, which information may include, without limitation, financial records of the Purchaser or beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent.

13. No Revocation. The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, agrees that this Subscription Agreement is made for valuable consideration and, following the Closing, may not be withdrawn, cancelled, terminated, or revoked by the Purchaser without the consent of the Company.

14. Indemnity. The Purchaser, on its own behalf, and, if applicable, on behalf of each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, agrees that the Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, shall indemnify and hold harmless the Company and its respective directors, officers, employees, agents, advisors, counsel and shareholders from and against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all fees, costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any claim, lawsuit, administrative proceeding or investigation whether commenced or threatened) arising out of or based upon any representation, warranty or acknowledgement of the Purchaser made on its own behalf, and, if applicable, on behalf of each beneficial purchaser for whom it is acting as trustee or agent, contained herein or in any document furnished by the Purchaser to the Company in connection herewith being untrue in any material respect or any breach or failure by the Purchaser or any beneficial purchaser for whom it is acting as trustee or agent, to comply with any covenant or agreement made by the Purchaser herein or in any document furnished by the Purchaser to the Company in connection herewith. With respect to any indemnified person who is not a party to this Subscription Agreement, it is the intention of the Purchaser and each beneficial purchaser for whom it is acting as trustee or agent, if any, to constitute the Company as trustee for such indemnified persons of the rights and benefits of this Section 14 and the Company agrees to accept such trust and to hold the rights and benefits of this Section 14 in trust for and on behalf of each such indemnified person. The Company agrees that it shall indemnify and hold harmless the Purchaser, and, if applicable, each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, and their respective directors, officers, employees, agents, advisors, counsel and shareholders from and against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all fees, costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any claim, lawsuit, administrative proceeding or investigation whether commenced or threatened) arising out of or based upon any representation, warranty or acknowledgement of the Company contained herein or in any document furnished by the Company to the Purchaser in connection herewith being untrue in any material respect or any breach or failure by the Company to comply with any covenant or agreement made by the Company herein or in any document furnished by the Company to the Purchaser in connection herewith.

15. Modification. Subject to the terms hereof, neither this Subscription Agreement nor any provision hereof shall be modified, changed, discharged or terminated except by an instrument in writing signed by the party against whom any waiver, change, discharge or termination is sought.

16. Assignment. The terms and provisions of this Subscription Agreement shall be binding upon and enure to the benefit of the Purchaser, the Company and their respective successors and assigns; provided that this Subscription Agreement shall not be assignable by the Company without the prior written consent of the Purchaser. For greater certainty this Subscription Agreement may be transferred or assigned by the Purchaser to any of its affiliates without the prior written consent of the Company, subject to compliance with applicable laws (including, without limitation, applicable Securities Laws), and effective upon notice the Company.

17. Change in Information. The Purchaser, on its own behalf and (if applicable) on behalf of others for whom it is contracting hereunder, agrees that the representations, warranties and covenants of the Purchaser herein will be true and correct both as of the Purchaser's execution of this Subscription Agreement and as of the Closing Time and will survive the completion of the issuance of the Securities. The representations, warranties and covenants of the Purchaser herein are made with the intent that they be relied upon by the Company and its counsel in determining the eligibility of a purchaser of Preferred Shares and the Purchaser agrees to indemnify and save harmless the Company and its affiliates, shareholders, directors, officers, employees, counsel and agents against all losses, claims, costs, expenses and damages or liabilities which any of them may suffer or incur which are caused or arise from a breach thereof. The Purchaser undertakes to immediately notify the Company at LEEF Brands Inc., Suite 2500 – 666 Burrard Street, Vancouver, British Columbia, V6C 2X8, Canada, Attention: Kevin Wilson, email: kevin@leefca.com of any change in any statement or other information relating to the Purchaser set forth herein which takes place prior to the Closing Time.

18. Miscellaneous and Counterparts. All representations, warranties, agreements, and covenants made or deemed to be made by the Purchaser (and, if applicable, others for whom it is contracting hereunder) herein will survive the execution and delivery, and acceptance, of this Subscription Agreement and the Closing. This Subscription Agreement may be executed in any number of counterparts, each of which when delivered, either in original or electronic form, shall be deemed to be an original and all of which together shall constitute one and the same document.

19. Governing Law. This Subscription Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Purchaser, and each beneficial purchaser, if any, for whom the Purchaser is acting as trustee or agent, hereby irrevocably attorns to the jurisdiction of the courts of the Province of Ontario with respect to any matters arising out of this Subscription Agreement.

20. Electronic Subscriptions. The Company shall be entitled to rely on delivery by electronic means of an executed copy of this Subscription Agreement (including, the applicable Subscriber Certificate), and acceptance by the Company of such electronic copy shall be legally effective to create a valid and binding agreement between the Purchaser and the Company in accordance with the terms hereof.

21. Entire Agreement. This Subscription Agreement (including the Schedules hereto) contains the entire agreement of the parties hereto relating to the subject matter hereof and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein. This Subscription Agreement may be amended or modified in any respect by written instrument only.

22. Language. In connection with the proposed offering of Preferred Shares, the undersigned hereby requests that all documentation available, including the Subscription Agreement, be prepared and forwarded in the English language only. *Dans le cadre du placement propose de reçu de souscription de LEEF Brands Inc., le soussigné consent par les présentes à ce que la documentation relative à ce placement proposé, y compris la convention de souscription, soit rédigée et soumise en la langue anglaise seulement.*

23. Time of Essence. Time shall be of the essence of this Subscription Agreement.

24. Currency. All dollar amounts referred to in this Subscription Agreement are in U.S. dollars, unless otherwise indicated.

25. Further Assurances. Each of the parties hereto shall do or cause to be done all such acts and things and shall execute or cause to be executed all such documents, agreements and other instruments as may reasonably be necessary or desirable for the purpose of carrying out the provisions and intent of this Subscription Agreement.

26. Singular and Plural, etc. Where the context so requires, words importing the singular number include the plural and vice versa, and words importing gender shall include the masculine, feminine, and neuter genders.

27. Headings. The headings contained herein are for convenience only and shall not affect the meaning or interpretation hereof.

28. Notices. Any and all notices, designations, consents, offers, acceptances or any other communication provided for herein; shall be given in writing by (i) recognized local same day or next day delivery courier, (ii) when sent by electronic mail (without receipt of any transmission error message), or (iii) Federal Express or other similar internationally recognized overnight delivery service, in each instance, with receipt requested; shall be deemed to have been given on the earlier to occur of the date of actual delivery, or one day after delivered to Federal Express or other similar internationally recognized overnight delivery service for next day delivery; and shall be addressed, in the case of the Purchaser, to the address of the Purchaser indicated on the signature page hereto, and in the case of the Company, to the address indicated on the instruction page, or in each case, to such other address as may be designated in writing by either party pursuant to this Section.

[remainder of page intentionally left blank]

**SCHEDULE A
TERM SHEET**

Issuer	LEEF Brands Inc. (the “ Company ”)
Offering	Up to USD \$3.0 million of Preferred Shares (the “ Offering ”)
Issue Price	CAD \$0.38 per Preferred Share
Liquidation Preference	CAD \$0.38 per Preferred Share
Conversion	Each “ Preferred Share ” is convertible into one Common Share of the Company (each, a “ Conversion Share ”) at a conversion price of CAD \$0.38 per Common Share.
Dividends	Each Preferred Share will pay dividends at a rate of 15% per annum, payable quarterly in arrears, with each dividend being two-thirds cash and one-third additional Preferred Shares paid in kind (PIK). i.e., Cash dividends will be paid at a rate of 10% per annum and PIK dividends will be paid at a rate of 5% per annum. The Company may on one or more occasions defer the cash portion of the dividend due on any dividend payment date until the next succeeding dividend payment date; provided that if a cash interest payment is deferred by more than 45 days then it will be paid as though the original cash interest rate with respect to that payment had been 15% per annum instead of 10% per annum.
Mandatory Conversion	After the eighteen (18) month anniversary of the issuance of the Preferred Shares, the Company may cause all then outstanding Preferred Shares to be converted into Common Shares at the conversion price then in effect upon the occurrence of either of the following: • a change of control of the Company; or • the 20-day volume weighted average trading price of the Common Shares being at least CAD \$0.70 during any 20-trading day period following the eighteen (18) month anniversary of the issuance of the Preferred Shares.
Voting	Preferred Shares will not carry voting rights, except to the extent required by law. Subject to the foregoing, holders of Preferred Shares will not be entitled to vote at any shareholder meeting of the Company. Upon conversion of the Preferred Shares, the Conversion Shares will carry the voting rights associated with Common Shares.
Use of Proceeds	Proceeds of the Offering shall be used primarily for commencement and support of operations at the farm known as Salisbury Canyon Ranch.

Closing	On or about March 12, 2026 (the “ Closing ”).
Agent	The Company may pay participating securities dealers a fee, commensurate with prevailing industry norms, in cash and/or warrants.
Hold Period	The Preferred Shares and Conversion Shares issued in the Offering will be subject to a four month hold period under provincial securities laws in Canada and the Canadian Securities Exchange (“CSE”) policies, and may be subject to additional resale restrictions based upon the jurisdiction in which the Purchaser is resident. The Preferred Shares and the Conversion Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or the securities laws of any state of the United States, and may not be offered or sold to any person who is a U.S. Purchaser absent registration or an exemption from applicable registration requirements. The Purchaser is advised to consult its own legal counsel or advisors to determine the resale restrictions that may be applicable to them.
Conditions	Closing of the Offering is subject to the following: 1. Receipt of applicable corporate, regulatory and other third party approvals, including the CSE. 2. Completion by the Company, the Purchaser and their respective advisors of “due diligence” investigations satisfactory to the parties in their respective sole discretion. 3. No material adverse change in the affairs of the Company having occurred.
Definitive Agreement	To effect the Offering, the Company and the Purchaser shall enter into a definitive subscription agreement and related agreements, which shall contain the terms, conditions, representations, warranties and covenants set out in this Term Sheet and such other the terms, conditions, representations, warranties and covenants as are customary for transactions of the nature and magnitude contemplated herein (collectively, the “ Definitive Agreement ”). The Company and the Purchaser shall use commercially reasonable efforts to enter into the Definitive Agreement by Closing.
Confidentiality	This Term Sheet is subject to the Confidentiality Agreement entered into between the Purchaser and the Company, and accordingly the existence, status and terms of the parties’ negotiations and agreements regarding the Offering will be kept confidential.

SCHEDULE B

ACCREDITED INVESTOR STATUS CERTIFICATE

Capitalized terms not specifically defined in this Schedule B have the meanings ascribed to them in the Subscription Agreement to which this Schedule B is attached.

The categories listed herein contain certain specifically defined terms. If you are unsure as to the meanings of those terms, or are unsure as to the applicability of any category below, please contact your broker and/or legal advisor before completing this certificate.

In connection with the purchase by the undersigned Purchaser of the Purchaser's Securities, the Purchaser, on its own behalf and on behalf of each of the beneficial purchasers for whom the Purchaser is acting (collectively, the "**Purchaser**"), hereby represents, warrants, covenants and certifies to the Company (and acknowledges that the Company and its counsel are relying thereon) that:

- (a) the Purchaser is resident in or otherwise subject to the securities laws of one of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Newfoundland and Labrador, Nova Scotia, New Brunswick or Prince Edward Island;
- (b) the Purchaser is purchasing the Purchaser's Securities as principal for its own account and not for the benefit of any other person or is deemed to be purchasing as principal pursuant to NI 45-106;
- (c) the Purchaser is an "accredited investor" within the meaning of NI 45-106 on the basis that the undersigned fits within one of the categories of an "accredited investor" reproduced below beside which the undersigned has indicated the undersigned belongs to such category;
- (d) the Purchaser was not created or is not used solely to purchase or hold securities as an accredited investor as described in paragraph (m) below;
- (e) if the Purchaser is an individual and does not meet the criteria set out in subparagraph (j.1) of this Schedule B, it has duly completed and executed a copy of the Risk Acknowledgement Certificate in the form attached hereto as Appendix I to this Schedule B;
- (f) upon execution of this Schedule B by the Purchaser, this Schedule B shall be incorporated into and form a part of the Subscription Agreement.

(PLEASE CHECK THE BOX OF THE APPLICABLE CATEGORY OF ACCREDITED INVESTOR)

- ☐ (a) except in Ontario, a Canadian financial institution, or a Schedule III bank;
 - ☐ (a.1) in Ontario, a financial institution that is (i) a bank listed in Schedule I, II or III of the *Bank Act* (Canada); (ii) an association to which the *Cooperative Credit Associations Act* (Canada) applies or a central cooperative credit society for which an order has been made under subsection 473(1) of that Act; or (iii) a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative or credit union league or federation that is authorized by a statute of Canada or Ontario to carry on business in Canada or Ontario, as the case may be;
 - ☐ (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada);
 - ☐ (c) a subsidiary of any person referred to in paragraphs (a), (a.1) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary;
-

- ☐ (d) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer, except in Ontario as otherwise prescribed by the regulations under the *Securities Act* (Ontario);
- ☐ (e) an individual registered or formerly registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d);
- ☐ (e.1) an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador),
- ☐ (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada;
- ☐ (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec;
- ☐ (h) any national, federal, state, provincial, territorial or municipal government or in any foreign jurisdiction, or any agency of that government;
- ☐ (i) a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada), a pension commission or similar regulatory authority of a jurisdiction of Canada;
- ☐ (j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000 (**note: check only if you do not qualify under option (j.1) immediately below**);

[PLEASE ALSO COMPLETE SECTIONS 2-4 OF APPENDIX I]

- ☐ (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$5,000,000 (**note: if individual accredited investors wish to purchase through wholly-owned holding companies or similar entities, such purchasing entities must qualify under section (t) below, which must be initialled**);
- ☐ (k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year;

[PLEASE ALSO COMPLETE SECTIONS 2-4 OF APPENDIX I]

- ☐ (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000;

[PLEASE ALSO COMPLETE SECTIONS 2-4 OF APPENDIX I]

- ☐ (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements;
 - ☐ (n) an investment fund that distributes or has distributed its securities only to
 - (i) a person that is or was an accredited investor at the time of the distribution
 - (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 [Minimum amount investment] or 2.19 [Additional investment in investment funds] of NI 45-106, or
 - (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 [Investment fund reinvestment] of NI 45-106;
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- ☐ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt;
- ☐ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be;
- ☐ (q) a person acting on behalf of a fully managed account managed by that person, if that person (i) is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction;
- ☐ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded;
- ☐ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function;
- ☐ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors;
- ☐ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser;
- ☐ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor; or
- ☐ (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.

For the purposes hereof, the following definitions are included for convenience:

- (a) **“Canadian financial institution”** means (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
 - (b) **“company”** means any corporation, incorporated association, incorporated syndicate or other incorporated organization;
 - (c) **“control person”** means
 - (i) a person who holds a sufficient number of the voting rights attached to all outstanding voting securities of an issuer to affect materially the control of the issuer, or
 - (ii) each person in a combination of persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding, which holds in total a sufficient number of the voting rights attached to all outstanding voting securities of an issuer to affect materially the control of the issuer,
-

and, if a person or combination of persons holds more than 20% of the voting rights attached to all outstanding voting securities of an issuer, the person or combination of persons is deemed, in the absence of evidence to the contrary, to hold a sufficient number of the voting rights to affect materially the control of the issuer;

- (d) **“director”** means
 - (i) a member of the board of directors of a company or an individual who performs similar functions for a company, and
 - (ii) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company;
 - (e) **“eligibility adviser”** means
 - (i) a person that is registered as an investment dealer and authorized to give advice with respect to the type of security being distributed; and
 - (ii) in Saskatchewan or Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not:
 - (A) have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders or control persons, and
 - (B) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;
 - (f) **“entity”** means a company, syndicate, partnership, trust or unincorporated organization;
 - (g) **“executive officer”** means, for an issuer, an individual who is
 - (i) a chair, vice-chair or president,
 - (ii) a vice-president in charge of a principal business unit, division or function including sales, finance or production, or
 - (iii) performing a policy-making function in respect of the issuer;
 - (h) **“financial assets”** means cash, securities, or a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;
 - (i) **“foreign jurisdiction”** means a country other than Canada or a political subdivision of a country other than Canada;
 - (j) **“founder”** means, in respect of an issuer, a person who, (i) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and (ii) at the time of the distribution or trade is actively involved in the business of the issuer;
 - (k) **“fully managed account”** means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client’s express consent to a transaction;
-

- (l) “**investment fund**” means a mutual fund or a non-redeemable investment fund, and, for greater certainty in British Columbia, includes an employee venture capital corporation that does not have a restricted constitution, and is registered under Part 2 of the *Employee Investment Act* (British Columbia), R.S.B.C. 1996 c. 112, and whose business objective is making multiple investments and a venture capital corporation registered under Part 1 of the *Small Business Venture Capital Act* (British Columbia), R.S.B.C. 1996 c. 429 whose business objective is making multiple investments;
- (m) “**jurisdiction**” or “jurisdiction of Canada” means a province or territory of Canada except when used in the term foreign jurisdiction;
- (n) “**non-redeemable investment fund**” means an issuer:
 - (i) whose primary purpose is to invest money provided by its securityholders;
 - (ii) that does not invest
 - (A) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, or
 - (B) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund, and
 - (iii) that is not a mutual fund;
- (o) “**person**” includes
 - (i) an individual;
 - (ii) a corporation;
 - (iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not; and
 - (iv) an individual or other person in that person’s capacity as a trustee, executor, administrator or personal or other legal representative;
- (p) “**related liabilities**” means liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets and liabilities that are secured by financial assets;
- (q) “**Schedule III bank**” means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);
- (r) “**spouse**” means an individual who (i) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual, (ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or (iii) in Alberta, is an individual referred to in paragraph (i) or (ii), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta); and
- (s) “**subsidiary**” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

Under NI 45-106 a person or company is an affiliate of another person or company if one is a subsidiary of the other, or if each of them is controlled by the same person or company.

Under NI 45-106, except under Part 2 Division 4 of NI 45-106, a person (first person) is considered to control another person (second person) if (a) the first person beneficially owns or, directly or indirectly, exercises control or direction over securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation, (b) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership, or (c) the second person is a limited partnership and the general partner of the limited partnership is the first person.

Under NI 45-106 a trust company or trust corporation described in paragraph (p) above of the definition of “accredited investor” (other than in respect of a trust company or trust corporation registered under the laws of Prince Edward Island that is not registered or authorized under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in another jurisdiction of Canada) is deemed to be purchasing as principal.

Under NI 45-106 a person described in paragraph (q) above of the definition of “accredited investor” is deemed to be purchasing as principal.

The foregoing representations contained in this certificate are true and accurate as of the date of this certificate and will be true and accurate as of the Closing Time. If any such representations shall not be true and accurate prior to the Closing Time, the undersigned shall give immediate written notice of such fact to the Company prior to the Closing Time.

DATED: _____ SIGNED: _____

Witness (if Purchaser is an individual)

Print the name of witness

Print the name of Purchaser

If Purchaser is not an individual,
print name and title of authorized signing officer

APPENDIX I TO SCHEDULE B

RISK ACKNOWLEDGEMENT CERTIFICATE

WARNING! This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.	
SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER	
1. About your investment	
Type of securities: Preferred Shares	Issuer: LEEF Brands Inc.
Purchased from: Issuer	
SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER	
2. Risk acknowledgement	
This investment is risky. Initial that you understand that:	
Risk of loss – You could lose your entire investment of \$ _____. <i>[Instruction: Insert the total dollar amount of the investment.]</i>	Your Initials
Liquidity risk – You may not be able to sell your investment quickly – or at all.	
Lack of information – You may receive little or no information about your investment.	
Lack of advice – You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to www.aretheyregistered.ca .	
3. Accredited investor status	
You must meet at least one of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.	
• Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.)	Your initials
• Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.	
• Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.	
• Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)	
4. Your name and signature	
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.	
First and last name (please print): _____	
Signature: _____	Date: _____
SECTION 5 TO BE COMPLETED BY THE SALESPERSON	
5. Salesperson information	
<i>[Instruction: The salesperson is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant or a person who is exempt from the registration requirement.]</i>	
First and last name of salesperson (please print): _____	
Telephone: _____	Email: _____
Name of firm (if registered): _____	
SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER	
6. For more information about this investment	
LEEF Brands Inc. Suite 2500 Park Place, 666 Burrard Street Vancouver, BC V6C 2X8 Contact person: Kevin Wilson Email: kevin@leefca.com For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca .	

SCHEDULE C

FOREIGN PURCHASER'S CERTIFICATE (Residents of Jurisdictions other than Canada and Non-U.S. Purchasers)

TO: LEEF BRANDS INC. (the "Company")

Capitalized terms not specifically defined in this Schedule C have the meanings ascribed to them in the Subscription Agreement to which this Schedule C is attached.

In connection with the purchase by the undersigned Purchaser of the Purchaser's Securities, the Purchaser, on its own behalf and on behalf of each of the beneficial purchasers for whom the Purchaser is acting, hereby represents, warrants, covenants and certifies to the Company (and acknowledges that the Company and its counsel are relying thereon) that:

1. it is knowledgeable of, or has been independently advised as to, the applicable securities laws of the securities regulatory authorities ("Authorities") having application in its jurisdiction of residence or by which it is otherwise governed (the "**International Jurisdiction**") that would apply to this subscription, if there are any;
 2. it is purchasing the Securities pursuant to exemptions from any substantive or procedural requirements (including without limitation exemptions from prospectus or registration requirements or equivalent requirements) under the applicable securities laws of the Authorities in the International Jurisdiction or, if such is not applicable, the Purchaser is permitted to purchase the Securities under the applicable securities laws of the Authorities in the International Jurisdiction without the need to rely on any exemption;
 3. by committing to acquire the Securities, it has obtained all necessary consents and authorizations to enable it to agree to subscribe for the Securities and to perform its obligations under this Subscription Agreement and it has otherwise observed the laws and regulatory requirements of the International Jurisdiction, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in such International Jurisdiction in connection with its acceptance and it has not taken any action which will or may result in the Company acting in breach of any regulatory or legal requirements of any territory or jurisdiction in connection with the Offering;
 4. the applicable laws of the Authorities in the International Jurisdiction do not require the Company to make any filings or seek any approvals or exemptions of any nature whatsoever from any Authority of any kind whatsoever in the International Jurisdiction in connection with the sale of the Securities;
 5. the purchase of the Securities by the Purchaser does not trigger: (a) any obligation to prepare and file a prospectus or similar document, (b) any other report with respect to such purchase in the International Jurisdiction or (c) any continuous disclosure reporting obligation of the Company in the International Jurisdiction;
 6. it will provide such evidence of compliance with all such matters as the Company or its counsel may request and it will, if requested by the Company, deliver to the Company, as applicable, a certificate or opinion of local counsel from the International Jurisdiction which will confirm the matters referred to in paragraphs 2, 3 and 4 above to the satisfaction of the Company, as the case may be;
 7. upon execution of this Schedule C by or on behalf of the Purchaser, this Schedule C shall be incorporated into and form a part of the Subscription Agreement. Capitalized terms used herein but not defined shall have the meanings ascribed to them in the Subscription Agreement to which this Schedule C is attached;
 8. if any representations and warranties contained in this Schedule C shall not be true and accurate prior to the Closing Time, the undersigned shall give immediate written notice of such fact to the Company prior to the Closing Time;
 9. The Subscriber has no intention to sell or distribute either directly or indirectly any of the Purchased Securities in Canada; and
 10. The Subscriber's purchase of the Purchased Securities is not part of a plan or scheme to avoid the prospectus requirements in connection with a distribution to a person or company in Canada.
-

DATED: _____

SIGNED: _____

Witness (if Purchaser is an individual)

Print the name of witness

Print the name of Purchaser

If Purchaser is not an individual,
print name and title of authorized signing officer

Address of Purchaser

Address of Purchaser (cont'd)

SCHEDULE D

U.S. PURCHASER'S CERTIFICATE

TO: LEEF BRANDS INC. (the “Company”)

Reference is made to the subscription agreement between the Company and the undersigned (referred to herein as the “Purchaser”) dated as of the date hereof to which this Schedule D is attached (the “**Subscription Agreement**”). Upon execution of this Subscriber Certificate by the Purchaser, this Subscriber Certificate will be incorporated into and form a part of the Subscription Agreement. *Capitalized terms not specifically defined in this Schedule D have the meanings ascribed to them in the Subscription Agreement to which this Schedule D is attached.*

In connection with the purchase of the Purchaser's Securities by the Purchaser, the Purchaser represents, warrants and covenants and certifies to the Company and acknowledges that the Company is relying thereon that:

- (a) the Purchaser is purchasing the Preferred Shares (and the underlying Conversion Shares) (collectively, the “**Securities**”) for its own account (or for the account or one or more beneficial purchasers over which the Purchaser has sole investment discretion) and the Securities are being purchased for investment purposes only and not with a view to resale or distribution or for the account or benefit of anyone other than the Purchaser (or such beneficial purchaser). The Purchaser has no intention to distribute either directly or indirectly any of the Securities in the United States; provided, however, that this paragraph shall not restrict the Purchaser from selling or otherwise disposing of any of the Securities pursuant to registration thereof pursuant to the U.S. Securities Act and any applicable state securities laws or under an exemption from such registration requirements;
- (b) the Purchaser understands and acknowledges that the Securities have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States, and that the offer and sale of Securities to it are being made in reliance upon the exemption from registration provided by Rule 506(b) of Regulation D under the U.S. Securities Act and similar exemptions under applicable state securities laws;
- (c) the Purchaser (and any beneficial purchaser) is an “accredited investor”, within the meaning of Rule 501(a) of Regulation D (a “U.S. Accredited Investor”), and satisfies the category of U.S. Accredited Investor set forth below:

(PLEASE CHECK THE BOX FOR THE APPLICABLE CATEGORY OF ACCREDITED INVESTOR AND EXECUTE THIS CERTIFICATE ON THE LAST PAGE HEREOF. PLEASE INITIAL “P” BESIDE THE CATEGORY FOR THE PURCHASER AND “BP” BESIDE THE CATEGORY FOR THE BENEFICIAL PURCHASER.)

- ☐ Category 1. A bank, as defined in Section 3(a)(2) of the U.S. Securities Act, whether acting in its individual or fiduciary capacity; or
 - ☐ Category 2. A savings and loan association or other institution as defined in Section 3(a)(5)(A) of the U.S. Securities Act, whether acting in its individual or fiduciary capacity; or
 - ☐ Category 3. A broker or dealer registered pursuant to Section 15 of the United States Securities Exchange Act of 1934, as amended; or
 - ☐ Category 4. An insurance company as defined in Section 2(a)(13) of the U.S. Securities Act; or
 - ☐ Category 5. An investment company registered under the United States Investment Company Act of 1940, as amended; or
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- ____ Category 6. A business development company as defined in Section 2(a)(48) of the United States Investment Company Act of 1940, as amended; or
- ____ Category 7. A small business investment company licensed by the U.S. Small Business Administration under Section 301 (c) or (d) of the United States Small Business Investment Act of 1958, as amended; or
- ____ Category 8. A plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, with total assets in excess of U.S. \$5,000,000; or
- ____ Category 9. An employee benefit plan within the meaning of the United States Employee Retirement Income Security Act of 1974, as amended, in which the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser, or an employee benefit plan with total assets in excess of U.S. \$5,000,000 or, if a self directed plan, with investment decisions made solely by persons who are U.S. Accredited Investors; or
- ____ Category 10. A private business development company as defined in Section 202(a)(22) of the United States Investment Advisers Act of 1940, as amended; or
- ____ Category 11. An organization described in Section 501(c)(3) of the United States Internal Revenue Code of 1976, as amended, a corporation, a Massachusetts or similar business trust, or a partnership, not formed for the specific purpose of acquiring the Securities, with total assets in excess of U.S. \$5,000,000; or
- ____ Category 12. A trust, with total assets in excess of U.S. \$5,000,000, not formed for the specific purpose of acquiring the Securities, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) under the U.S. Securities Act;
- ____ Category 13. Any director or executive officer of the Company; or
- ____ Category 14. Any natural person whose individual net worth, or joint net worth with that person's spouse, exceeds U.S. \$1,000,000 (for purposes of calculating net worth: (i) a person's primary residence shall not be included as an asset, (ii) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of the Securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of the Securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability) and (iii) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of sale of the Securities shall be included as a liability); or
- ____ Category 15. A natural person who had an individual income in excess of U.S. \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of U.S. \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year; or
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____ Category 16. An entity in which all of the equity owners are U.S. Accredited Investors;

- (d) the Purchaser acknowledges that it has not purchased the Securities as a result of any form of “general solicitation” or “general advertising” within the meaning of Regulation D under the U.S. Securities Act, including, without limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or on the internet, or broadcast over radio, television, or the internet, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
- (e) the Purchaser understands and agrees that the Securities will be “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act, and that if it decides to offer, sell, pledge or otherwise transfer the Securities, it may not offer, sell, pledge or otherwise transfer any of such Securities, directly or indirectly, unless the transfer is made:
 - (i) to the Company;
 - (ii) outside the United States in a transaction meeting the requirements of Rule 904 of Regulation S and in compliance with applicable local laws and regulations;
 - (iii) in compliance with (A) Rule 144A under the U.S. Securities Act, if available, or (B) Rule 144 under the U.S. Securities Act, if available, and, in each case, in compliance with applicable state securities laws; or
 - (iv) in another transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws; and

the Purchaser has prior to any transfer pursuant to clauses (iii)(B) or (iv) (and, if required by the Company or any transfer agent for the Securities, clause (ii)) above furnished to the Company (and the transfer agent, if applicable) an opinion of counsel of recognized standing, or other evidence, reasonably satisfactory to the Company to the effect that such transfer does not require registration under the U.S. Securities Act or applicable state securities laws;

- (f) the Purchaser and each beneficial purchaser for whom it is acting acknowledge and agree that upon the original issuance thereof, and until such time as the same is not required under applicable requirements of the U.S. Securities Act and applicable state securities laws, the certificates representing the Securities, and all certificates issued in exchange therefor or in substitution thereof, will bear a legend substantially in the following form:

“THE SECURITIES REPRESENTED HEREBY [OR ISSUABLE IN EXCHANGE HEREOF] HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**U.S. SECURITIES ACT**”), OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF LEEF BRANDS INC. THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO LEEF BRANDS INC., (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S (“**REGULATION S**”) UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE CANADIAN LOCAL LAWS AND REGULATIONS, (C) IN ACCORDANCE WITH (1) RULE 144A UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, OR (2) RULE 144 UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, AND, IN EACH CASE, IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(2) OR (D) ABOVE, A LEGAL OPINION OR OTHER EVIDENCE REASONABLY SATISFACTORY TO LEEF BRANDS INC. MUST FIRST BE PROVIDED.”

provided, that if Securities are being sold under clause (B) above, the legend set forth above may be removed by providing a declaration to the Company and any transfer agent for the Securities, in the form attached as Appendix I to this Schedule D (or in such form as the Company may from time to time prescribe), together with any other evidence reasonably satisfactory to the Company that may be required by the Company or any transfer agent for the Securities, which evidence may include, without limitation, an opinion of counsel of recognized standing, to the effect that the legend is no longer required under applicable requirements of the U.S. Securities Act;

notwithstanding the foregoing, the Company's transfer agent, if any, may impose additional requirements for the removal of legends from Securities sold in accordance with Rule 904 of Regulation S under the U.S. Securities Act in the future; and

provided, further, that if any such Securities are being sold pursuant to Rule 144 under the U.S. Securities Act, or in a transaction that does not require registration under the U.S. Securities Act or applicable state securities laws, the above legend may be removed by delivery to the Company or any duly appointed transfer agent for the Securities of an opinion of counsel, of recognized standing, reasonably satisfactory to the Company, to the effect that such legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws;

- (g) the Purchaser (and any beneficial purchaser) consents to the Company making a notation on its records or giving instruction to the registrar and transfer agent of the Company in order to implement the restrictions on transfer with respect to the Securities set forth and described herein;
- (h) the Purchaser (and any beneficial purchaser) understands and acknowledges that the Company has no obligation or present intention of filing with the United States Securities and Exchange Commission or with any state securities administrator any registration statement in respect of resales of the Securities in the United States;
- (i) the Purchaser (and any beneficial purchaser) has had the opportunity to ask questions of and receive answers from the Company regarding the investment, and has received all the information regarding the Company that it has requested;
- (j) the Purchaser (and any beneficial purchaser) has had access to such information concerning the Company as it has considered necessary or appropriate in connection with its investment decision to acquire the Securities;
- (k) the office or other address of the Purchaser at which the Purchaser received and accepted the offer to purchase the Securities is the address listed as the "Purchaser's Address" on the signature page of the Subscription Agreement;
- (l) the Purchaser understands and acknowledges that if the Company were to ever be deemed to be, or to have at any time previously been, an issuer with (i) no or nominal operations and (ii) no or nominal assets other than cash and cash equivalents, Rule 144 under the U.S. Securities Act may be unavailable with respect to resales of the Securities, and the Company is under no obligation to take, and has no present intention of taking, any required action in order to make Rule 144 under the U.S. Securities Act available with respect to resales of the Securities;
- (m) the Purchaser (and any beneficial purchaser) is aware that (i) purchasing, holding and disposing of the Securities may have tax consequences under the laws of both Canada and the United States, (ii) the tax consequences for prospective investors who are resident in, or citizens of, the United States are not described in this Subscription Agreement, and (iii) it is solely responsible for determining the tax consequences applicable to its particular circumstances and should consult its own tax advisors concerning investment in such securities; in particular, no determination has been made whether the Company will be a "passive foreign investment company" within the meaning of Section 1297 of the United States Internal Revenue Code of 1986, as amended (the "Code");
- (n) the Purchaser is aware that its ability to enforce civil liabilities under the United States federal securities laws may be affected adversely by, among other things: (i) the fact that the Company is organized under the laws of Canada; (ii) some or all of the directors and officers may be residents of countries other than the United States; and (iii) all or a substantial portion of the assets of the Company and such persons may be located outside the United States;
- (o) the Purchaser (and any Disclosed Principal) understands and agrees that the financial statements of the Company have been prepared in accordance with International Financial Reporting Standards and are subject to Canadian auditing standards and auditor independence standards, which differ in some respects from United States generally accepted accounting principles, auditing standards and auditor independence standards, respectively, and thus may not be comparable to financial statements of United States companies; and
- (p) it acknowledges that the representations, warranties and covenants contained in this Schedule D are made by it with the intent that they may be relied upon by the Company in determining its eligibility to purchase the Securities.

[signature page follows]

The foregoing representations contained in this certificate are true and accurate as of the date of this certificate and will be true and accurate as of the Closing Time. If any such representations shall not be true and accurate prior to the Closing Time, the undersigned shall give immediate written notice of such fact to the Company prior to the Closing Time.

Dated: _____ Signed: _____

Witness (If Purchaser is an Individual) Print Name of Purchaser

Print Name of Witness If Purchaser is not an Individual,
Print Name and Title of Authorized Signing Officer

APPENDIX I TO SCHEDULE D

DECLARATION FOR REMOVAL OF LEGEND

TO: The transfer agent for LEEF Brands Inc.
AND TO: LEEF Brands Inc.

The undersigned (a) acknowledges that the current sale of _____ of LEEF Brands Inc. (the “**Company**”) to which this declaration relates, represented by certificate number _____, is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), and (b) certifies that (1) the undersigned is not an “affiliate” (as that term is defined in Rule 405 under the U.S. Securities Act) of the Company, (2) the offer of such securities was not made to a person in the United States and either (A) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believed that the buyer was outside the United States, or (B) the transaction was executed in, on or through the facilities of the Toronto Stock Exchange or the TSX Venture Exchange (or another designated offshore securities market) and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States, (3) neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the offer and sale of such securities, (4) the sale is bona fide and not for the purpose of “washing off” the resale restrictions imposed because the securities are “restricted securities” (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act), (5) the seller does not intend to replace such securities with fungible unrestricted securities and (6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S under the U.S. Securities Act, is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Unless otherwise defined herein, terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

Dated: _____
Name of Seller
By: _____
Name: _____
Title: _____

**Certification of Principal Executive Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Micah Anderson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of LEEF Brands Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report), that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2026

/s/ Micah Anderson

Micah Anderson
Chief Executive Officer

**Certification of Principal Financial Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Kevin J. Wilson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of LEEF Brands Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report), that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2026

/s/ Kevin J. Wilson
Kevin J. Wilson, CPA
Chief Financial Officer
(Principal Financial Officer)

**Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Micah Anderson, President and Chief Executive Officer of LEEF Brands Inc. (the "Company"), hereby certify, that, to the best of my knowledge:

1. the Quarterly Report on Form 10-Q for the quarter ended March 31, 2026, to which this Certification is attached as Exhibit 32.1 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2026

/s/ Micah Anderson

Micah Anderson
Chief Executive Officer

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of LEEF Brands Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

**Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Kevin J. Wilson, Chief Financial Officer of LEEF Brands Inc. (the "Company"), hereby certify, that, to the best of my knowledge:

1. the Quarterly Report on Form 10-Q for the quarter ended March 31, 2026, to which this Certification is attached as Exhibit 32.2 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2026

/s/ Kevin J. Wilson
Kevin J. Wilson, CPA
Chief Financial Officer
(Principal Financial Officer)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of LEEF Brands Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.
