

DEBENTURE PURCHASE AGREEMENT

THIS AGREEMENT is made as of the 17th day of January, 2018.

B E T W E E N:

VCP BRIDGE, LLC, a limited liability company established under the laws of the State of Delaware

(the “**Lender**”)

– and –

IANTHUS CAPITAL HOLDINGS, INC., a corporation incorporated under the laws of the Province of British Columbia

(the “**Company**”)

WHEREAS the parties are entering into this Agreement to provide for the terms and conditions upon which the Lender has agreed to subscribe for, and the Company has agreed to issue to the Lender, Debenture Units (as defined herein) on the terms contemplated herein;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT, in consideration of the premises, the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 DEFINITIONS

- (a) “**Affiliate**” has the meaning ascribed thereto in the *Business Corporations Act* (British Columbia);
- (b) “**Agreement**” means this agreement, including the Schedules to this agreement, as it or they may be amended or supplemented from time to time, and all instruments supplementing or amending or confirming this agreement and references to “**Article**”, “**Section**” or “**Schedule**” mean the specified article, section or schedule of this agreement;
- (c) “**Articles**” means the notice of articles of the Company dated November 15, 2013 as amended on August 4, 2016, as the same may be amended, replaced, restated or otherwise modified from time to time;
- (d) “**Business**” means the business carried on by the Company (including the business of each subsidiary) from time to time as described in the Company’s public filings made under the Company’s issuer profile on SEDAR;

- (e) **"Business Day"** means any day except Saturday, Sunday or any day on which banks are generally not open for business in the, City of Vancouver, British Columbia, City of Toronto, Ontario or New York, New York;
- (f) **"Canadian Securities Laws"** means, collectively, all applicable securities laws of each of the Qualifying Jurisdictions and the respective rules and regulations under such laws together with applicable published policy statements, blanket orders, instruments and notices of the Securities Commissions and all discretionary orders or rulings, if any, of the Securities Commissions made in connection with the transactions contemplated by this Agreement;
- (g) **"Change of Control Transaction"** means (i) any event as a result of or following which any person, or group of persons "acting jointly or in concert" within the meaning of Canadian Securities Laws, beneficially owns or exercises control or direction over an aggregate of more than 50% of the then outstanding Common Shares; or (ii) the sale or other transfer of all or substantially all of the consolidated assets of the Company. A Change of Control will not include a sale, merger, reorganization or other similar transaction if the previous holders of the Common Shares hold at least 50% of the voting shares of such merged, reorganized or other continuing entity;
- (h) **"Class A Shares"** means the Class A convertible restricted voting shares in the share capital of the Company, as constituted from time to time;
- (i) **"Closing"** means completion of the transactions contemplated by this Agreement in accordance with Article 2 of this Agreement and occurring on the Closing Date;
- (j) **"Closing Date"** means January 17, 2018;
- (k) **"Closing Time"** means 8:00 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the parties may agree;
- (l) **"Common Shares"** means the fully paid and non-assessable common shares in the share capital of the Company, as constituted from time to time;
- (m) **"CSE"** means the Canadian Securities Exchange;
- (n) **"Debenture Certificates"** means the certificates representing the Debentures;
- (o) **"Debentures"** means 15% unsecured debentures of the Company issued to the Lender on the Closing Date in the aggregate principal amount of \$20,000,000, such Debentures maturing twelve months from the Closing Date or such earlier date as contemplated herein;
- (p) **"Debenture Units"** has the meaning set forth in Section 2.1;
- (q) **"Equity Interest"** means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, or any warranty, options or other rights to acquire such interests;
- (r) **"Governmental Body"** means any government, parliament, legislature, regulatory authority, agency, commission, board or court or other law, rule, or regulation-making entity having or purporting to have jurisdiction on behalf of any nation or state or province or other subdivision thereof including any municipality or district;

- (s) **“GrowHealthy Acquisition”** means the acquisition of GHIAA Management Inc., an entity that holds the management contract to be the sole and exclusive business manager of a medical marijuana treatment center licensed to McCrory’s Sunny Hill Nursery, LLC by the Florida Department of Health (the **“License Holder”**), and (ii) GHH MergerCo 1, Inc., an entity that holds the License Holder’s assets, save for and except the License Holder’s license with the Florida Department of Health;
- (t) **“Intellectual Property”** means all trade or brand names, business names, trademarks, service marks, copyrights, patents, patent rights, licenses, industrial designs, know-how (including trade secrets and other unpatented or patentable proprietary or confidential information, systems or procedures), computer software, inventions, designs and other industrial or intellectual property of any nature whatsoever;
- (u) **“Investments”** means each of the investments, loans, management services agreements, real estate holdings and Intellectual Property of the Company disclosed in filings on SEDAR pursuant to which the Company conducts its operations;
- (v) **“Laws”** means all laws, statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, policies, voluntary restraints, guidelines of any Governmental Body, or any provisions of the foregoing, including general principles of common and civil law and equity, binding on or affecting the Person referred to in the context in which such word is used, whether applicable in Canada or the United States or any other jurisdiction; and **“Law”** means any one of them;
- (w) 
[Section 1.1(w) redacted due to a confidentiality provision.]
- (x) **“Lien”** means any mortgage, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), charge, title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature, or any other arrangement or condition which, in substance, secures payment or performance of an obligation;
- (y) **“Liens”** means liens, claims, security interests, adverse charges and encumbrances of any kind except those imposed under Law;
- (z) **“Material Adverse Effect”** means any change, effect, event, situation or condition that is materially adverse to the business, results or operations, properties or financial condition of the Company and its subsidiaries taken as a whole; provided, however, that in determining whether there has been a “Material Adverse Effect”, any adverse effect attributable to the following shall be disregarded: (a) events, changes, developments, conditions or circumstances in worldwide, national or local conditions or circumstances (political, economic, regulatory or otherwise) that adversely affect the Company’s industry generally unless there is a disproportionate adverse impact on Company or any Affiliate, (b) an outbreak or escalation of war, armed hostilities, acts of terrorism, political instability or other national calamity, crisis or emergency, or any governmental response to any of the foregoing, in each case, whether occurring within or outside of Canada or the United States unless there is a disproportionate adverse impact on Company or any Affiliate, (c) any change in law or accounting policies (and any changes resulting therefrom) unless there is a disproportionate adverse impact on Company or any Affiliate, or (d) any action or omission of the Company taken with the prior written consent of the Lender;

- (aa) “**NI 45-106**” means National Instrument 45-106 – *Prospectus Exemptions* as such instrument is in effect in the Province of Ontario at Closing;
- (bb) “**NI 51-102**” means National Instrument 51-102 – *Continuous Disclosure Obligations* as such instrument is in effect in the Province of Ontario at Closing;
- (cc) “**OSC**” means the Ontario Securities Commission;
- (dd) “**Permits**” means all licenses, permits, approvals, consents, certificates, registrations and authorizations (whether governmental, regulatory or otherwise);
- (ee) “**Person**” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, corporation with or without share capital, unincorporated organization, association, trust, trustee, executor, administrator or other legal personal representative, Governmental Body, authority or entity however designated or constituted;
- (ff) “**Personal Information**” means any information about a Person and includes information contained in this Agreement and the documents to be delivered by such Person in connection with the transactions contemplated herein;
- (gg) “**Qualifying Provinces**” means all provinces of Canada, other than the Province of Quebec;
- (hh) “**Regulation D**” means Regulation D promulgated under the U.S. Securities Act;
- (ii) “**Regulation S**” means Regulation S promulgated under the U.S. Securities Act;
- (jj) “**Securities Commissions**” means collectively, the applicable securities commission or securities regulatory authority in each of the Qualifying Provinces, the United States and any other jurisdiction in which the Common Shares are sold, as the case may be;
- (kk) “**SEDAR**” means the System for Electronic Document Analysis and Retrieval as found at www.sedar.com;
- (ll) “**Stock Option Plan**” means the stock option plans of the Company for the Common Shares and the Class A Shares, effective March 11, 2016 and August 28, 2017 respectively, as same may be further amended, restated, replaced or otherwise modified from time to time;
- (mm) “**subsidiary**” has the meaning ascribed thereto in the *Business Corporations Act* (British Columbia);
- (nn) “**Subsidiaries**” means, collectively, iAnthus Transfer Corp., iAnthus Formation Corp., iAnthus Capital Management LLC, Scarlet Globemallow, LLC and Bergamot Properties, LLC, and “**Subsidiary**” means any one of them;
- (oo) “**Transaction Agreements**” means this Agreement and all agreements, certificates and other instruments delivered or given pursuant to this Agreement, including, without limitation, the Debentures and the Warrant Certificates;
- (pp) “**United States**” means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia;

- (qq) **“U.S. Accredited Investor”** means an “accredited investor” as defined in Rule 501(a) under Regulation D;
- (rr) **“U.S. Person”** means a “U.S. person” as such term is defined in Rule 902(k) of Regulation S;
- (ss) **“U.S. Securities Act”** means the United States Securities Act of 1933, as amended;
- (tt) **“U.S. Securities Laws”** means the United States federal securities laws, including, without limitation, the U.S. Securities Act and the U.S. Exchange Act, and applicable state securities laws;
- (uu) **“Warrant Certificates”** means the certificates representing the Warrants, the form of which is attached hereto as Exhibit “A”;
- (vv) **“Warrants”** mean the warrants of the Company issued to the Lender on the Closing Date, such warrants being exercisable to acquire up to 10,040,000 Warrant Shares, and such warrants being exercisable for a period of three years following the Closing Date at an exercise price per share equal to \$1.9928 per Warrant Share, subject to standard anti-dilution adjustments as set forth in the Warrant Certificate; and
- (ww) **“Warrant Shares”** means either (i) Class A Shares, if the Warrants are exercised on or prior to June 29, 2018, or (ii) Common Shares, if the Warrants are exercised after June 29, 2018, provided that if, on or prior to June 29, 2018, the number of U.S. Persons holding Common Shares hold not less than 60% of the total number of then outstanding Common Shares, Warrant Shares shall mean Common Shares.

1.2 SCHEDULES

The following are the schedules and exhibits attached to this Agreement:

Schedule “A”	–	Canadian Accredited Investor Certificate
Schedule “B”	–	U.S. Accredited Investor Certificate
Schedule “C”	–	Form of Declaration for Removal of Legend
Exhibit “A”	–	Form of Warrant Certificate

1.3 HEADINGS

The inclusion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation hereof. The terms **“this Agreement”**, **“hereof”**, **“hereunder”** and similar expressions refer to this Agreement and not to any particular section or other portion hereof and include any agreement supplemental hereto.

1.4 GENDER AND NUMBER

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

1.5 CURRENCY

Unless otherwise noted, all references to currency shall be United States dollars and all payments contemplated herein shall be paid in United States funds, by certified cheque, bank draft or wire transfer of immediately available funds.

1.6 ENTIRE AGREEMENT

This Agreement together with the Transaction Agreements constitute the entire agreement between the parties and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties. There are no other agreements between the parties in connection with the subject matter hereof except as specifically set forth or referred to herein or therein. No amendment, waiver or termination of this Agreement shall be binding unless executed in writing by the party to be bound thereby.

The description of the Debentures and Warrants herein is a summary only and is subject to the specific attributes and detailed provisions set forth in the Debenture Certificate and the Warrant Certificate, respectively. In case of any inconsistency between the description of the Debentures and Warrants in this Agreement and the terms of the Debentures as set forth in the Debenture Certificate and the Warrant Certificate, respectively, the provisions of the Debenture Certificate and Warrant Certificate shall govern.

1.7 TIME OF ESSENCE

Time shall be of the essence of this Agreement and of every part hereof and no extension or variation of this Agreement shall operate as a waiver of this provision.

1.8 TO THE BEST OF THE KNOWLEDGE

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the best of the knowledge of the Company, the Company confirms that it has made due and diligent inquiry of such Persons (including appropriate employees, officers and directors of the Company and its Affiliates) as it reasonably and in good faith considers necessary to verify the accuracy of the matters that are the subject of the representations and warranties.

1.9 LANGUAGE

The parties hereby acknowledge that they have expressly required this Agreement and all notices, statements of account and other documents required or permitted to be given or entered into pursuant hereto to be drawn up in the English language only. *Les parties reconnaissent avoir expressment demandé que la présente Convention ainsi que tout avis, tout état de compte et tout autre document à être ou pouvant être donné ou conclu en vertu des dispositions des présentes, soient rédigés en langue anglaise seulement.*

ARTICLE 2 DEBENTURES AND PURCHASE PRICE

2.1 SUBSCRIPTION FOR AND ISSUANCE OF DEBENTURES

In reliance upon the representations, warranties and covenants set out in this Agreement, the Lender hereby agrees to subscribe for and purchase from the Company, and the Company agrees to issue and sell to the Lender, at Closing, (i) \$20,000,000 aggregate principal amount of Debentures, and Warrants to

purchase 10,040,000 Warrant Shares (collectively, the “**Debenture Units**”), for an aggregate purchase price of \$20,000,000 (the “**Purchase Price**”).

2.2 PAYMENT OF PURCHASE PRICE

At Closing, the Lender shall pay the Purchase Price, pursuant to a written letter of instruction from the Company to Lender, as follows:

- (a) \$14,458,437.25 in connection with the GrowHealthy Acquisition; and
- (b) \$5,541,562.75 to the Company less the fees and expenses payable to the Lender pursuant hereto.

If all conditions precedent to closing of the GrowHealthy Acquisition are not satisfied or waived to the satisfaction of the Company and the Lender, acting reasonably, on or before January 31, 2018, this Agreement shall terminate, the maturity date for the Debentures shall be accelerated to January 31, 2018 and 5% of the Warrants that would have been issued to the Lender pursuant to this Section 2.1 shall, immediately following termination of this Agreement, be issued to the Lender.

2.3 ISSUANCE OF CERTIFICATES

At Closing, the Company shall issue to the Lender the Debenture Units subscribed for pursuant to Section 2.1, and shall execute and deliver to the Lender certificates representing the Debenture Units registered in the name of the Lender or as they may otherwise direct in writing, against delivery of the subscription price therefor pursuant to Section 2.2.

ARTICLE 3 CLOSING ARRANGEMENTS AND CONDITIONS

3.1 LENDERS' CONDITIONS

The obligation of the Lender to complete the acquisition of the Debenture Units contemplated by Section 2.1 is subject to fulfilment at the Closing Time of the following conditions:

- (a) the Lender shall have been satisfied, in its sole discretion, acting reasonably, with the results of its due diligence review of the Company and its businesses, operations and financial conditions, prospects and market conditions at the Closing Time, including that there has been no material adverse change (actual, proposed or prospective, whether financial or otherwise) in the business, prospects, affairs, operations, assets, liabilities (contingent or otherwise), changes in Law or regulatory climate directly affecting the jurisdictions in which the subsidiaries, taken as a whole with the Company, are doing or intended to do business or capital of the Company since signing of this Agreement;
- (b) the Company shall have completed all necessary steps and all necessary proceedings shall have been taken to authorize, and all required consents shall have been obtained to permit, the transactions contemplated hereby;
- (c) the purchase of the Debenture Units by the Lender shall be legally permitted by all Laws to which the Lender and the Company are subject, and all authorizations, approvals or permits of, or filings with, any Governmental Body that are required by Law in connection with the lawful sale and issuance of the Debenture Units by the Company shall have been duly obtained by the Company and shall be effective;

- (d) the representations and warranties of the Company contained in this Agreement shall be true and correct at the Closing Time and the Company shall have performed and complied with all of the terms, covenants, agreements and conditions to be performed or complied with by it at or prior to the Closing Time;
- (e) certificates representing the Debenture Units and Warrant Certificate (both in form and substance satisfactory to the Lender, acting reasonably) subscribed for by the Lender as provided for in Section 2.1 shall be delivered to the Lender, or as the Lender may otherwise direct;
- (f) on the Closing Date, the Company shall have executed and delivered, or caused to be executed and delivered, to the Lender, a certificate signed by the appropriate officers of the Company certifying, *inter alia*, the (i) Articles and notice of articles of the Company, (ii) resolutions of the board of directors of the Company, and (iii) incumbency and signatures of the signing officers of the Company;
- (g) the Company shall deliver a certificate of good standing of recent date for the Company and each of its subsidiaries (including the Subsidiaries the entities acquired in connection with the GrowHealthy Acquisition);
- (h) the Lender shall have received from counsel for the Company an opinion, dated the Closing Date, in form and substance satisfactory to the Lender, acting reasonably, including opinions in respect of corporate matters, enforceability, authorization, due execution and from counsel to the Company's subsidiaries an opinion, dated the Closing Date, in form and substance satisfactory to the Lender, acting reasonably, including opinions in respect of corporate matters and ownership of the Subsidiaries;
- (i) the Observer shall have been duly appointed; and
- (j) such other documentation as the Lender may reasonably require, in form and substance satisfactory to the Lender, acting reasonably, shall have been prepared, executed and delivered.

The foregoing conditions are for the exclusive benefit of the Lender, provided that any of the said conditions may be waived in writing in whole or in part by any the Lender without prejudice to such Lender's rights of rescission in the event of the non-fulfilment and/or non-performance of any other conditions, any such waiver to be binding on the Lender only if the same is in writing.

ARTICLE 4

REPRESENTATIONS, WARRANTIES AND COVENANTS OF COMPANY

The Company represents, warrants and covenants to the Lender as at the date hereof as follows, and acknowledges that the Lender is relying upon the representations, warranties and covenants contained in this Agreement and in any certificate or other document delivered pursuant hereto in connection with the purchase by the Lender of the Debentures.

4.1 CORPORATE POWER AND DUE AUTHORIZATION

The Company has the corporate power and capacity to enter into, and to perform its obligations under, each of the Transaction Agreements. Each of the Transaction Agreements has been duly authorized, executed and delivered by the Company and is a valid and binding obligation of the Company enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, moratorium, reorganization and other laws relating to or affecting the enforcement of creditors' rights generally, and the fact that

equitable remedies, including the remedies of specific performance and injunction, may only be granted in the discretion of a court. Each action required to be performed by the Company hereunder has been duly authorized by the Company and, as applicable, its shareholders.

4.2 INCORPORATION, QUALIFICATION AND CAPACITY

The Company and each of the Subsidiaries has been duly incorporated and organized and is validly existing as a corporation under the laws of the jurisdiction in which it was incorporated, amalgamated or continued, as the case may be, and no steps or proceedings have been taken by any person, voluntary or otherwise, requiring or authorizing the dissolution or winding up of the Company or any of the Subsidiaries. Except as required by U.S. federal laws, statutes, and/or regulations which deal with the production, trafficking, distribution, processing, extraction and sale of cannabis and related substances, the Company and each of the Subsidiaries is duly qualified to carry on its business in each jurisdiction in which the conduct of its business or the ownership, leasing or operation of its property and assets requires such qualification (except for such jurisdictions where the failure to be so qualified would not result in a Material Adverse Effect) and has all requisite corporate power and authority to conduct its business and to own, lease and operate its properties and assets.

4.3 CAPITAL OF THE COMPANY

- (a) The authorized and issued share capital of the Company conforms to the description thereof contained in filings on SEDAR. All of the issued and outstanding shares of the Company have been duly and validly authorized and issued as fully paid and non-assessable, and none of the outstanding shares of the Company were issued in violation of the pre-emptive or similar rights of any security holder of the Company.
- (b) The terms and the number of options to purchase Common Shares granted by the Company currently outstanding conforms to the description thereof contained in filings on SEDAR and, other than as contemplated by this Agreement, and options granted to directors, officers, employees and consultants of the Company to purchase Common Shares as described in filings on SEDAR, no person, firm or corporation has any agreement or option, right or privilege (contractual or otherwise) capable of becoming an agreement (including convertible or exchangeable securities and warrants) for the purchase or acquisition from the Company or any Subsidiary of any interest in any Common Shares or other securities of the Company or any Subsidiary whether issued or unissued.

4.4 NO SHAREHOLDER AGREEMENTS

Except as described in filings on SEDAR, there are no voting trusts or agreements, shareholders' agreements, buy sell agreements, rights of first refusal agreements, agreements relating to restrictions on transfer, pre-emptive rights agreements, tag-along agreements, drag-along agreements or proxies relating to any of the securities of the Company or the Subsidiaries, to which the Company or any of the Subsidiaries is a party.

4.5 SUBSIDIARIES

The Company has no direct or indirect material subsidiaries other than the Subsidiaries, nor any investment in any person other than the Investments, which, for the year ended December 31, 2016 accounted for, or which, for the ending December 31, 2017 is expected to account for, more than five percent of the assets or revenues of the Company or would otherwise be material to the business and affairs of the Company, other than the proposed acquisition of Citiva Medical LLC and Citiva LLC and

the GrowHealthy Acquisition. The Company owns, directly or indirectly, all of the issued and outstanding shares of the Subsidiaries, all of the issued and outstanding shares of the Subsidiaries are issued as fully paid and non-assessable shares, free and clear of all Liens, and no person, firm or corporation has any agreement, option, right or privilege (whether pre-emptive or contractual) capable of becoming an agreement, for the purchase from the Company or any of the Subsidiaries of any interest in any of the shares in the capital of the Subsidiaries.

4.6 NO CONTRAVENTION

Neither the entering into nor the delivery of the Transaction Agreements nor the performance by the Company of any of its obligations under the Transaction Agreements will be in conflict with, contravene, breach or result in any default under, or result in the creation of any lien or encumbrance under, or relieve any person from its obligations under:

- (a) the Articles, notice of articles or organizational documents of the Company,
- (b) any mortgage, lease, contract or other legally binding agreement, instrument, licence or permit, to which the Company or any subsidiary is a party or by which it may be bound, or
- (c) any applicable Law, statute, regulation, rule, order, decree, judgement, injunction or other restriction of any Governmental Body to which the Company or any subsidiary or of its or their respective assets or Business may be subject.

Neither the Company nor any of the Subsidiaries is (i) in violation of its Articles or any other constating documents or (ii) in default of the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, trust deed, joint venture, mortgage, loan agreement, note, lease or other agreement or instrument to which it is a party or by which it or its property may be bound, except in the case of clause (ii) for any such violations or defaults that would not result in a Material Adverse Effect.

4.7 ISSUANCE OF COMMON SHARES

The Common Shares to be issued as described in this Agreement and in the Offering Documents (including, for greater certainty, the Common Shares or Class A Shares, as the case may be, to be issued upon exercise of the Warrants) have been, or prior to the Closing Time will be, duly created and reserved for issuance and, when issued, delivered and paid for in full, will be validly issued and fully paid shares in the capital of the Company, and will not have been issued in violation of or subject to any pre-emptive rights or contractual rights to purchase securities issued by the Company.

4.8 BANKRUPTCY

The Company has not proposed a compromise or arrangement to its creditors generally, had any petition for a receiving order in bankruptcy filed against it, taken any proceeding with respect to a compromise or arrangement, taken any proceeding to have itself declared bankrupt or wound up, taken any proceeding to have a receiver appointed over its assets, had any encumbrancer take possession of any of its property, or had any execution or distress become enforceable or become levied upon any of its property.

4.9 COMPLIANCE WITH LAWS

- (a) Except as disclosed in filings on SEDAR, the Company and the Subsidiaries (i) each conducted and have each been conducting their business in compliance in all material respects with all

applicable Laws of each jurisdiction in which its business is or is expected to be carried on or in which its services are provided and has not received a notice of non-compliance, nor knows of, nor has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with any such Laws, (ii) are not in breach or violation of any judgment, order or decree of any Governmental Authority having jurisdiction over the Company or any of the Subsidiaries, as applicable, and (iii) hold all, and are not in breach of any, Permits that enable its business to be carried on as now conducted; except in each case where the failure to be in such compliance or to hold such Permits could not reasonably be expected to result in a Material Adverse Effect.

- (b) The Company is a reporting issuer in good standing in the Qualifying Provinces under the Canadian Securities Laws and is not in default of any requirement of such Canadian Securities Laws and is not included in a list of defaulting issuers maintained by the Securities Commissions.
- (c) The outstanding Common Shares are listed and posted for trading on the CSE, and all necessary notices and filings have been made with, and all necessary consents, approvals and authorizations have been obtained by the Company from, the CSE to ensure that the Common Shares will be listed and posted for trading on the CSE upon their issuance.
- (d) No order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of the Company has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of the Company, are pending, contemplated or threatened by any regulatory authority.
- (e) The Company is in compliance in all material respects with its continuous and timely disclosure obligations under applicable Canadian Securities Laws and the rules and regulations of the CSE and has filed all documents required to be filed by it with the Canadian Securities Commissions under applicable Canadian Securities Laws, and no document has been filed on a confidential basis with the Canadian Securities Commissions that remains confidential at the date hereof. None of the documents filed in accordance with applicable Canadian Securities Laws contained, as at the date of filing thereof, a misrepresentation.
- (f) No Securities Commission, stock exchange or comparable authority has issued any order preventing the distribution of the Shares in any Qualifying Province nor instituted proceedings for that purpose and, to the knowledge of the Company, no such proceedings are pending or contemplated.
- (g) The Company is in compliance with all Laws respecting employment and employment practices, terms and conditions of employment, pay equity and wages, except where any non-compliance could not reasonably be expected to have a Material Adverse Effect, and neither the Company nor any of the Subsidiaries has engaged in any unfair labour practice.
- (h) The operations of the Company and the Subsidiaries have been conducted at all times in compliance with the applicable federal and state laws relating to terrorism or money laundering ("**Anti-Terrorism Laws**"), including the financial recordkeeping and reporting requirements of The Bank Secrecy Act of 1970, as amended; Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "**Executive Order**"); the Foreign Corrupt Practices Act; the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, and the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), and neither the Company nor any Subsidiary is (i) a person that is listed in the annex to, or is otherwise subject to the provisions of, the

Executive Order; (ii) a person owned or controlled by, or acting for or on behalf of, any person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order; (iii) a person with which the Purchasers are prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; (iv) a person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; or (v) a person that is named as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control ("OFAC") at its official website or any replacement website or other replacement official publication of such list or any other person (including any foreign country and any national of such country) with whom the United States Treasury Department prohibits doing business in accordance with OFAC regulations. No action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any Subsidiary with respect to Anti-Terrorism Laws is pending or, to the knowledge of the Company or the Subsidiary, threatened.

- (i) None of the Company or any Subsidiary, any employee or agent thereof, has made any unlawful contribution or other payment to any official of, or candidate for, any federal, state, provincial or foreign office, or failed to disclose fully any contribution, in violation of any law, or made any payment to any foreign, Canadian, governmental officer or official, or other Person charged with similar public or quasi-public duties, other than payments required or permitted by applicable laws.
- (j) To the knowledge of the Company and the Subsidiaries, the Company and the Subsidiaries have never been in violation of, in connection with the ownership, use, maintenance or operation of its property and assets, any applicable federal, provincial, state, municipal or local laws, bylaws, regulations, orders, policies, permits, licences, certificates or approvals having the force of law, domestic or foreign, relating to environmental, health or safety matters (collectively the "**Environmental Laws**") which could reasonably be expected to have a Material Adverse Effect.
- (k) There are no pending or, to the knowledge of the Company, threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, Liens, notices of non-compliance or violation, investigation or proceedings relating to any Environmental Laws against the Company or any of its Subsidiaries, which if determined adversely, would reasonably be expected to have a Material Adverse Effect.
- (l) As of the date hereof, there are no past unresolved, pending or threatened claims, complaints, notices or requests for information with respect to any alleged violation of any law, statute, order, regulation, ordinance or decree and no conditions exist at, on or under any Leased Premises which, with the passage of time, or the giving of notice or both, would give rise to liability under any law, statute, order, regulation, ordinance or decree that, individually or in the aggregate, has or may reasonably be expected to have a Material Adverse Effect with respect to the Company or the Subsidiaries.
- (m) The Company has provided the Lender with copies of all requested material documents and correspondence relating to the Permits issued to the Company and its Subsidiaries or any Person in which the Company or its Subsidiaries holds an Investment pursuant to applicable United States state cannabis laws (collectively, the "**Licenses**"). The Company, the Subsidiaries and, to the knowledge of the Company, each Person in which the Company or its Subsidiaries holds an Investment, are each in compliance in all material respects with the terms and conditions of all such Licences and all other Permits required in connection with their respective businesses and the Company does not anticipate any variations or difficulties in such Licences or any other required Permits being renewed.

- (n) Neither the Company or any Subsidiary has received any notice or communication from any Person in which it holds an Investment or any applicable regulatory authority in the United States or any state or municipality thereof alleging a defect or claim in respect of any License.
- (o) All product research and development activities, including quality assurance, quality control, testing, and research and analysis activities, conducted by the Company, any Subsidiary and, to the knowledge of the Company, any Person in which they hold an Investment, in connection with their business is being conducted in accordance with best industry practices and in compliance, in all material respects, with all industry, laboratory safety, management and training standards applicable to its current and proposed business, and all such processes, procedures and practices, required in connection with such activities are in place as necessary and are being complied with, in all material respects.
- (p) The Company, each Subsidiary and, to the knowledge of the Company, any Person in which they hold an Investment, has security measures and safeguards in place to protect personal information it collects from registered patients and customers and other parties from illegal or unauthorized access or use by its personnel or third parties or access or use by its personnel or third parties in a manner that violates the privacy rights of third parties. The Company, the Subsidiaries and, to the knowledge of the Company, any Person in which they hold an Investment, have complied, in all material respects, with all applicable privacy and consumer protection legislation and none has collected, received, stored, disclosed, transferred, used, misused or permitted unauthorized access to any information protected by privacy laws, whether collected directly or from third parties, in an unlawful manner.

4.10 LITIGATION AND OTHER PROCEEDINGS

- (a) No legal or governmental proceedings or inquiries are pending to which the Company or any Subsidiary is a party or to which their property or assets are subject that would result in the revocation or modification of any certificate, authority or Permit necessary to conduct the business now owned or operated by the Company or any of the Subsidiaries which, if the subject of an unfavourable decision, ruling or finding could reasonably be expected to have a Material Adverse Effect and, to the knowledge of the Company, no such legal or governmental proceedings or inquiries have been threatened against or are contemplated with respect to the Company, any of the Subsidiaries or their property or assets.
- (b) There are no actions, suits, judgments, investigations, inquires or proceedings of any kind whatsoever outstanding (whether or not purportedly on behalf of the Company or the Subsidiaries), or, to the knowledge of the Company, pending or threatened against or affecting the Company, the Subsidiaries or any of their respective directors or officers, at law or in equity or before or by any commission, board, bureau or agency of any kind whatsoever and, to the knowledge of the Company, there is no basis therefor and neither the Company nor any Subsidiary is subject to any judgment, order, writ, injunction, decree, award, rule, policy or regulation of any Governmental Authority which, either separately or in the aggregate, could reasonably be expected to have Material Adverse Effect or could adversely affect the ability of the Company to perform its obligations under this Agreement.
- (c) The Company is not aware of any threatened or pending change in the legislation governing the Company, any Subsidiary or any Person in which the Company or any Subsidiary has an Investment which would reasonably be expected to have a Material Adverse Effect.

- (d) Other than as disclosed in filings on SEDAR, the Company is not aware of any licensing or legislation, regulation, by-law or other lawful requirement of any Governmental Authority having lawful jurisdiction over the Company, any Subsidiary or any Person in which the Company or any Subsidiary has an Investment presently in force or, to its knowledge, proposed to be brought into force, or any pending or contemplated change to any Law, licensing or regulation, by-law or other lawful requirement of any Governmental Authority having lawful jurisdiction over the Company, any Subsidiary or any Person in which the Company or any Subsidiary has an Investment presently in force, that the Company anticipates the Company, any Subsidiary or any Person in which the Company or any Subsidiary has an Investment, as applicable, will be unable to comply with or which could reasonably be expected to have a Material Adverse Effect the business of the Company, a Subsidiary or any Person in which the Company or any Subsidiary has an Investment or the business environment or legal environment under which such entity operates.

4.11 MATERIAL PROPERTY AND ASSETS

- (a) Except as disclosed in filings on SEDAR, (i) the Company and each of the Subsidiaries is the absolute legal and beneficial owner, and has good and valid title to, all of the material property or assets thereof as described in filings on SEDAR, and no other material property or assets are necessary for the conduct of the business of the Company or the Subsidiaries as currently conducted, (ii) the Company does not know of any claim or the basis for any claim that might or could materially and adversely affect the right of the Company or the Subsidiaries to use, transfer or otherwise exploit such property or assets, and (iii) other than in the ordinary course of business and as disclosed in filings on SEDAR, neither the Company nor any of the Subsidiaries has any responsibility or obligation to pay any commission, royalty, license fee or similar payment to any person with respect to the property and assets thereof.
- (b) Except as disclosed in filings on SEDAR, neither the Company nor any Subsidiary has approved or has entered into any agreement in respect of: (i) the purchase of any material assets or any interest therein or the sale, transfer or other disposition of any material assets or any interest therein currently owned, directly or indirectly, by the Company or any Subsidiary whether by asset sale, transfer of shares or otherwise; (ii) any change in control (by sale, transfer or other disposition of shares or sale, transfer, lease or other disposition of all or substantially all of the property and assets of the Company or any Subsidiary) of the Company or any Subsidiary other than as set out in the [REDACTED]; or (iii) any proposed or planned disposition of any of the outstanding shares of any Subsidiary by the Company.

[Section 4.11(b) redacted due to a confidentiality provision.]

- (c) All of the material contracts and agreements of the Company (including, for greater certainty, any contracts and agreements relating to the Investments) have been disclosed in filings on SEDAR. Neither the Company nor any of its Subsidiaries has received any notification from any party that it intends to terminate any such material contract.
- (d) Each of the material agreements and other documents and instruments pursuant to which the Company holds its Investments, property and assets and conducts its business is a valid and subsisting agreement, document and instrument in full force and effect, enforceable in accordance with the terms thereof, the Company is not in default of any of the material provisions of any such agreements, instruments or documents nor has any such default been alleged, and such Investments and assets are in good standing under the applicable statutes and regulations of the governing jurisdiction.

- (e) To the knowledge of the Company, the Company, each of the Subsidiaries and any Person in which the Company or any Subsidiary has an Investment owns or has the right to use all of the Intellectual Property owned or used by their respective businesses as currently conducted. Neither the Company nor any of its Subsidiaries has received any notice nor is it aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances that would render any Intellectual Property invalid or inadequate to protect the interests of the Company, any Subsidiary or any Person in which the Company or any Subsidiary has an Investment, as applicable, therein and which infringement or conflict (if subject to an unfavourable decision, ruling or finding) or invalidity or inadequacy would have a Material Adverse Effect.
- (f) Each of the Company or the Subsidiaries, as applicable, has taken all reasonable steps to protect its material Intellectual Property in those jurisdictions where, in the reasonable opinion of the Company, the Company and the Subsidiaries carry on a sufficient business to justify such filings.
- (g) The Company or the Subsidiaries each owns or has the right to use under license, sub-license or otherwise all material Intellectual Property used by the Company and the Subsidiaries in each of their businesses and the Intellectual Property owned by the Company and the Subsidiaries is free and clear of any and all Liens.
- (h) There are no material restrictions on the ability of the Company or the Subsidiaries to use and exploit all rights in the Intellectual Property required in the ordinary course of the Company's or any of the Subsidiaries' businesses. None of the rights of the Company or the Subsidiaries in the Intellectual Property will be impaired or affected in any way by the transactions contemplated by this Agreement.
- (i) All registrations of Intellectual Property are in good standing and are recorded in the name of the Company or a Subsidiary in the appropriate offices to preserve the rights thereto. All such registrations have been filed, prosecuted and obtained in accordance with all applicable legal requirements and are currently in effect and in compliance with all applicable legal requirements, except where such failure to obtain registration would not have a Material Adverse Effect. No registration of Intellectual Property has expired, become abandoned, been cancelled or expunged, or has lapsed for failure to be renewed or maintained, except where such expiration, abandonment, cancellation, expungement or lapse would not have a Material Adverse Effect.
- (j) With respect to each premises of the Company or the Subsidiaries which is material to the Company or any Subsidiary and which the Company or the Subsidiary occupies as tenant (the "**Leased Premises**"), the Company or such Subsidiary occupies the Leased Premises and has the exclusive right to occupy and use the Leased Premises and each of the leases pursuant to which the Company and/or any Subsidiary occupies the Leased Premises is, to its knowledge, in good standing and in full force and effect.
- (k) The Company does not have any knowledge of any claim or basis for any claim that might or could adversely affect the right of the Company or the Subsidiaries to use, transfer or otherwise exploit the Leased Premises pursuant in the ordinary course of their respective businesses.

4.12 CORPORATE RECORDS

The corporate records and minute books of the Company contain complete and accurate (in all material respects) minutes of all meetings (except for the minutes of the most recent board meeting, to be approved at the next meeting of directors) and resolutions in lieu of a meeting, of directors and committees thereof

and shareholders held since the date of formation of the Company and all such meetings were duly called and held. The share certificate books, registers of shareholders, registers of transfers and registers of directors of the Company are complete and accurate in all material respects. There are no outstanding applications or filings which would alter in any way the corporate status of the Company.

4.13 CONSENTS AND APPROVALS

At the Closing Time, all consents, approvals, Permits, authorizations or filings as may be required to be made or obtained by the Company under applicable securities laws and the rules and regulations of the CSE necessary for the execution and delivery of the Transaction Agreements and the creation, issuance and sale, as applicable, of the Debenture Units, and the consummation of the transactions contemplated by this Agreement, will have been made or obtained, as applicable (other than the filing of reports required under applicable Canadian Securities Laws and U.S. Securities Laws within the prescribed time periods imposed thereby or by the CSE).

4.14 NO FINDERS' FEE

No broker, finder, agent or similar intermediary has acted on behalf of the Company in connection with this Agreement or the transactions contemplated hereby, and there are no brokerage commissions, finders' fees or similar fees payable by the Company as a result of the consummation of the transactions contemplated by this Agreement.

4.15 MATERIAL FACTS DISCLOSED

None of the foregoing representations, warranties and statements of fact and no other statement furnished by or on behalf of the Company to the Lender in connection with the Transaction Agreements contain any untrue statement of a material fact or omit to state any material fact necessary to make such statement or representation not misleading to a prospective purchaser of securities of the Company seeking full information as to the Company and the properties, financial condition, prospects, businesses and affairs thereof. The Company has made available to the Lender all the information reasonably available to the Company that the Lender have requested. There is no fact which the Company has not disclosed to the Lender and of which the Company is aware which materially and adversely affects or is reasonably likely to materially and adversely affect the Business.

4.16 FINANCIAL, TAX AND DISCLOSURE MATTERS

(a) all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes, sales taxes, custom and land transfer taxes), duties, royalties, levies, imposts, assessments, reassessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto (collectively, "Taxes") due and payable by the Company and each Subsidiary have been paid or accrued, except where the failure to pay such Taxes would not constitute an adverse material fact in respect of the Company or a Subsidiary or have a Material Adverse Effect. All tax returns, declarations, remittances and filings required to be filed by the Company and each subsidiary have been filed with all appropriate Governmental Authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading, except where the failure to file such documents would not constitute an adverse material fact in respect of the Company or any Subsidiary or have a Material Adverse Effect. No examination of any tax return of the Company is currently in progress and there are no issues or disputes outstanding with any Governmental Authority respecting any Taxes that have been paid, or may be payable, by the Company or any Subsidiary, in any

case except where such examinations, issues or disputes would not constitute an adverse material fact in respect of the Company or have a Material Adverse Effect;

(b) the financial statements of the Company as at and for the year ended December 31, 2016 and the interim period ended September 30, 2017 (together, the “**Financial Statements**”) have been prepared in accordance with IFRS and present fairly, in all material respects, the financial condition of the Company and its subsidiaries as at the dates thereof and the results of the operations and cash flows of the Company and its subsidiaries for the periods then-ended and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of the Company and the subsidiaries that are required to be disclosed in such financial statements and there has been no material change in accounting policies or practices of the Company or any subsidiary since December 31, 2016, except as has been publicly disclosed in the Company’s publicly filed documents available under the Company’s issuer profile on SEDAR (the “**Disclosure Documents**”);

(c) the Company’s auditors, who audited the Financial Statements (as applicable) and who provided their audit report thereon, are independent public accountants as required under applicable securities Laws and there has never been a reportable event (within the meaning of NI 51-102) between the Company and the Company’s auditors;

(d) other than as set out in the Disclosure Documents, none of the directors, officers or employees of the Company or any subsidiary or any person who owns, directly or indirectly, more than 10% of any class of securities of the Company or securities of any person exchangeable for more than 10% of any class of securities of the Company, or any associate or affiliate of any of the foregoing had or has any material interest, direct or indirect, in any transaction or any proposed transaction with the Company or any subsidiary which, as the case may be, materially affects, is material to or could reasonably be expected to materially affect the Company;

(e) the Company is not aware of any licensing or legislation, regulation, by-law or other lawful requirement of any Governmental Body having lawful jurisdiction over the Company or any subsidiary presently in force or, to its knowledge, proposed to be brought into force, or any pending or contemplated change to any licensing or legislation, regulation, by-law or other lawful requirement of any Governmental Body having lawful jurisdiction over the Company or any subsidiary presently in force, that the Company anticipates the Company or any subsidiary will be unable to comply with or which could reasonably be expected to materially adversely affect the business of the Company or any subsidiary or the business environment or legal environment under which such entity operates;

(f) there are no material liabilities of the Company or any subsidiary whether direct, indirect, absolute, contingent or otherwise required to be disclosed in the Financial Statements that are not disclosed or reflected in the Financial Statements, except those disclosed in the Disclosure Documents or those incurred in the ordinary course of business since December 31, 2016;

(g) there are no off-balance sheet transactions, arrangements or obligations (including contingent obligations) of the Company or any subsidiary with unconsolidated entities or other persons that could reasonably be expected to have a Material Adverse Effect;

(h) the Company maintains a system of internal accounting controls sufficient to provide reasonable assurances that: (A) transactions are executed in accordance with management’s general or specific authorization, and (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain accountability for assets;

(i) the Company (A) has designed disclosure controls and procedures to provide reasonable assurance that financial information relating to the Company and each subsidiary is accurate and reliable, is made known to the Chief Executive Officer and Chief Financial Officer of the Company by others within those entities, particularly during the period in which filings are being prepared, (B) has designed internal controls to provide reasonable assurance regarding the accuracy and reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS, and (C) has disclosed in the management's discussion and analysis for its most recently completed financial year, for each material weakness relating to such design existing at the financial year-end (x) a description of the material weakness, (y) the impact of the material weakness on the Company's financial reporting and internal controls over financial reporting, and (z) the Company's further plans, if any, or any actions already undertaken, for remediating the material weakness;

(j) as of the date hereof, after due inquiry and based upon currently available information and projections that the Company believes are reasonable, the Company believes that it will be a passive foreign investment company (a "PFIC") within the meaning of Section 1297 of the U.S. Internal Revenue Code of 1986, as amended, for its current taxable year ending December 31, 2018; and

(k) the Company is a "foreign private issuer" (as determined in accordance with Rule 3b-4 under the Securities Exchange Act of 1934, as amended).

4.17 COVENANTS OF THE COMPANY

For as long as the Debentures (or any portion of them) remain outstanding:

- (a) The Company will, within the required time, file with any applicable securities agency, any documents, reports and information, in the required form, required to be filed by applicable securities Laws in connection with the issuance of the Debenture Units, together with any applicable filing fees and other materials. The Company will, within the required time, file with any applicable securities agency, any documents, reports and information, in the required form, required to be filed by applicable securities Laws in connection with the issuance of the Debenture Units, together with any applicable filing fees and other materials.
- (b) The Company will use its commercially reasonable efforts to continue to be a reporting issuer in good standing in each of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and, the Company will use its commercially reasonable efforts to cause its Common Shares (including the Common Shares issuable upon exercise of the Warrants) to continue to be listed for trading on the Canadian Securities Exchange.
- (c) The Company will maintain and cause each subsidiary to maintain, complete and accurate books and records, permit, and cause each subsidiary to permit, the Borrower to have access to such books and records, and permit, and cause each subsidiary to permit, the Borrower to inspect the properties and operations of Company and each subsidiary on reasonable advance notice and during normal business hours.
- (d) The Company will not incur, create, assume, become or be responsible in any manner, whether as debtor, obligator, guarantor, surety or otherwise, with respect to or permit to exist, or permit any subsidiary to incur, create, assume, become or be liable in any manner, whether as debtor, obligor, guarantor, surety or otherwise, with respect to or permit to exist, any indebtedness, except (a) the obligations under the Transaction Documents (b) indebtedness in favor of the Borrower, (c) the Permitted Offering (as defined in the Debenture Certificate), (d) debt existing

prior to the date hereof; or (e) except for normal payables and expenses incurred in the ordinary course of business. Notwithstanding the foregoing, the Company may, in its sole and unfettered discretion, enter into a surety, rather than posting a bond, for any cannabis licence it acquires or has the right to acquire.

- (e) The Company will not declare or pay any dividend or other distribution either in cash or in kind.
- (f) The Company will not make an issuer bid or otherwise redeem any outstanding securities of the Company or any of its subsidiaries.
- (g) Other than and as permitted by the Permitted Offering, the Company will not create or permit to exist any Lien with respect to any assets now owned or hereafter acquired, except the following Liens (herein collectively called the "**Permitted Liens**") (a) Liens granted in connection with the acquisition of property after the date hereof and attaching only to the property being acquired, if the indebtedness secured thereby neither exceeds such property's fair market value at the time of acquisition thereof nor \$500,000 in the aggregate for Company and subsidiaries collectively at any one time outstanding (b) Liens for current taxes and duties not delinquent or for taxes being contested in good faith, by appropriate proceedings which do not involve, in the sole determination of Lender, (c) Liens imposed by law, such as mechanics', workers', materialmen's, carriers' or other like liens which arise in the ordinary course of business for sums not due or sums which Lender is contesting in good faith, by appropriate proceedings, (d) Liens incurred in the ordinary course of business in connection with workers' compensation, unemployment insurance and other statutory obligations, (e) easements, rights of way, restrictions and other similar charges or encumbrances with respect to real property not interfering in any material respect with the ordinary conduct of the Business, and (f) deposits or pledges to secure bids, tenders, contracts (other than contracts for the payment of money), leases statutory obligations, surety and appeal bonds, and other obligations of like nature arising in the ordinary course of Borrower's business.
- (h) Guaranties, Loans, Advances or Investments. Other than for guarantees the Company's subsidiaries may grant in connection with the Permitted Offering, the Company shall not become, and not permit any subsidiary to become, or be a guarantor or surety of, or otherwise become or be responsible in any manner (whether by agreement to purchase any obligations, stock, assets, goods or services, or to supply or advance any funds, assets, goods or services, or otherwise) with respect to any undertaking of any other Person, or make or permit to exist any loans or advances to, or investments in, any other Person, except for (a) loans or advances to employees that do not, in the aggregate, exceed \$100,000 (b) the endorsement, in the ordinary course of collection, of instruments payable to them or to their order, (c) investments in obligations of the United States of America and agencies thereof and obligations guaranteed by the United States of America maturing within one year from the date of acquisition, (d) certificates of deposit, time deposits or repurchase agreements issued by commercial banks organized under the laws of the United States of America or any state thereof and having a combined capital surplus, and undivided profits of not less than \$250,000,000, or by any other domestic depository institution if such certificates of deposit are fully insured by the Federal Deposit Insurance Corporation, (e) commercial paper, maturing not more than nine months from the date of issue, provided that, at the time of purchase, such commercial paper is rated not lower than "P-1" or the then-equivalent rating by Moody's Lenders Service or "A-1" or the then-equivalent rating by Standard & Poor's Corporation or, if both such rating services are discontinued, by such other nationally recognized rating service or services, as the case may be, as Company shall select with Lender's consent, (f) bonds the interest on which is excludable from federal gross income under Section 103(a) of the Internal Revenue Code having a long term rating of not less than "A" by Moody's or S&P or a short term rating of

not less than "M1G 1" or "P-1" by Moody's or "A-1" by S&P, (g) investments in regulated money market funds invested in United States securities in amounts in the aggregate not exceeding \$500,000, or (h) guaranties of which Lender is the beneficiary. Notwithstanding the foregoing, the Company may, in its sole and unfettered discretion, enter into a surety, rather than posting a bond, for any cannabis licence it acquires or has the right to acquire.

- (i) Except for the Change of Control Transaction contemplated under [REDACTED], not, and not permit any Affiliate or subsidiary to, be a party to any Change of Control including without limitation any merger, consolidation or exchange of stock, or purchase or otherwise acquire all or substantially all of the assets or Equity Interests in any subsidiary, any other Person, or sell, transfer, convey or lease all or any substantial part of its assets, or sell or assign, with or without recourse, any receivables, or permit a Change in Control Transaction or any filing of any creditor protection action relating to the Company or any subsidiary, such creditor protection action including any action or filing under the Bankruptcy Act of 1996 as amended, any assignment for the benefit of creditors or Canadian, state, provincial or other counterparts.

[Section 4.17(i) redacted due to a confidentiality provision.]

- (j) Not enter into any transaction with any Affiliate that is not a subsidiary, including, without limitation, the purchase sale or exchange of property or the rendering of any service to any Affiliate that is not the Company or subsidiary, except in the ordinary course of and pursuant to the reasonable requirements of the Business.
- (k) If requested by Lender, submit to the field examination per year conducted by an examiner selected by Lender, which examination shall be in form and substance reasonably satisfactory to the Lender: provided there is reasonable advance notice and such examination is conducted in a manner so as not to unreasonably disrupt the business and operations of Borrower.
- (l) For each tax year that the Corporation qualifies as a PFIC, the Company will make available to all United States' holders of Warrants, upon their written request: (a) information, based on the Company's reasonable analysis, as to its status as a PFIC and the status as a PFIC of any subsidiary in which the Company owns more than 50% of such subsidiary's aggregate voting power, (b) a "PFIC Annual Information Statement" as described in U.S. Treasury Regulation Section 1.1295-1(g) (or any successor Treasury Regulation) and (c) all information and documentation that a United States shareholder is required to obtain for United States federal income tax purposes in making a qualifying electing fund election with respect to the Company and any more than 50% owned subsidiary PFIC, as determined by aggregate voting power.
- (m) Company Funds and Reporting Requirements. The Company hereby covenants and agrees that, unless the Lender provides its prior written consent, the Company will have, at all times while any Debentures are outstanding, not less than \$1,000,000 in unencumbered cash in the bank account of the Company and such funds shall constitute an "asset" of the Company for purposes of IFRS. Within five days following the end of each calendar month, the Company will provide the Lender with a management prepared monthly cash report in the form consistent with the weekly reports shared with Lender prior to the date hereof.
- (n) Board Observer. At the Closing Time, the Lender shall be irrevocably and unconditionally (subject to the express terms hereof) granted the right to appoint a non-voting observer to the Company's board of directors. The appointment will become effective as of the Closing Time. The observer shall be provided with notice of, and relevant materials to be considered at, all meetings of the board of directors of the Company (and all subcommittees thereof) and shall be

entitled to attend and participate (other than voting) in all meetings of the Company's board of directors (and all subcommittees thereof); provided, however, that the observer will be subject to the same obligations of confidentiality to which all of the Company's board members are subject, and the Lender acknowledges and agrees that the observer shall recuse himself or herself from any portion of any meeting that pertains to the Lender or its affiliates (other than in respect of the Debentures). The Lender's board observer right shall continue for as long as the Debentures (or any portion of them) remain outstanding. The Observer may participate in the discussions of matters brought to the Company's board of directors provided that such Observer shall have no voting rights. The Observer shall also be entitled to the same indemnification, insurance and other protections to which the other members of the Company's board are entitled. Lender may replace the Observer with a different Observer at any time in its sole discretion.

ARTICLE 5

REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE LENDER

The Lender represents, warrants and covenants to the Company and acknowledges that the Company is relying upon the following representations, warranties and covenants in connection with the transactions contemplated hereby:

5.1 ENTITY POWER

The Lender has the power and capacity to enter into, and to perform its obligations under each of the Transaction Agreements.

5.2 AUTHORIZATION

Each of the Transaction Agreements to be executed and delivered by the Lender has been duly authorized, executed and delivered by the Lender and constitutes a valid and binding obligation of the Lender enforceable against it in accordance with its terms subject, however, to the customary limitations with respect to bankruptcy, insolvency or other laws affecting creditors' rights generally and with respect to the availability of equitable remedies.

5.3 NO CONTRAVENTION

Neither the entering into nor the delivery of the Transaction Agreements to be executed and delivered by the Lender nor the performance by the Lender of any of its obligations under the Transaction Agreements will contravene, breach or result in any default under, or result in the creation of any lien or encumbrance under, or relieve any Person from its obligations under,

- (a) the organizational documents of the Lender;
- (b) any mortgage, lease, contract, other legally binding agreement, instrument, licence or permit, to which such Lender is a party or by which it may be bound, or
- (c) any applicable Law, statute, regulation, rule, order, decree, judgment, injunction or other restriction of any Governmental Body to which the Lender is subject.

5.4 SECURITIES MATTERS

- (a) The Lender is purchasing the Debenture Units as principal for its own account, not for the benefit of any other Person, for investment only and not with a view to the resale or distribution of any part thereof.
- (b) The Lender is an "accredited investor" as defined in NI 45-106, and has so indicated by checking the box opposite the appropriate category on Schedule "A" attached hereto which so describes it and acknowledges that by signing this Agreement it is certifying that the statements made by checking the appropriate accredited investor category are true.
- (c) The Lender is a U.S. Accredited Investor and is acquiring the Debenture Units for its own account, and for investment and not with a view to any resale, distribution or other disposition of the Debenture Units in violation of United States federal or state securities Laws and the Lender has so indicated by checking the appropriate category on Schedule "B" attached hereto which so describes it and acknowledges that by signing this Agreement it is certifying that the statements made by checking the appropriate U.S. Accredited Investor category are true.
- (d) In the case of a subscription for the Debenture Units as trustee or agent, the Lender is the duly authorized trustee or agent of the disclosed beneficial purchaser with due and proper power and authority to execute and deliver, on behalf of each such beneficial purchaser, the Transaction Agreements, 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 Lender's actions as trustee or agent are in compliance with applicable Law and the Lender 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 Debenture Units for whom it may be acting.
- (e) The Lender acknowledges that none of the Debenture Units, the underlying Debentures and Warrants, and the Warrant Shares issuable upon exercise of the Warrants, have been or will be registered under the U.S. Securities Act or any applicable state securities laws and the contemplated sale to, or for the account or benefit of, persons in the United States and U.S. Persons is being made in reliance on a private placement exemption to U.S. Accredited Investors provided under Rule 506(b) of Regulation D and similar exemptions under applicable state securities laws. Accordingly, the Debenture and Warrants, and the Warrant Shares issuable upon exercise of the Warrants, will be "restricted securities" within the meaning of Rule 144 under the U.S. Securities Act, and therefore may not be offered or sold by it, directly or indirectly, in the United States without registration under United States securities laws, except in limited circumstances, and the Lender understands that the Debentures, Warrants and Warrant Shares will each contain a legend in respect of such restrictions.
- (f) The Lender acknowledges that if it (or any beneficial purchaser on whose behalf it is acting) decides to offer, sell, pledge or otherwise transfer any of the Debentures, Warrants or Warrant Shares, such securities may be offered, sold, pledged, or otherwise transferred only (i) to the Company, (ii) outside the United States in compliance with Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations, or (iii) pursuant to an exemption from registration under the U.S. Securities Act provided by (A) Rule 144 thereunder, if available, or (B) Rule 144A thereunder, if available, and, in each case, in compliance with any applicable state securities laws, or (iv) with the prior written consent of the Company, pursuant to another exemption from registration under the U.S. Securities Act and applicable state securities laws, provided that, in the case of (iii)(A) and (iv) above, an opinion of

counsel of recognized standing in form and substance reasonably satisfactory to the Company is provided to the effect that such transfer does not require registration under the U.S. Securities Act or any applicable state securities laws, and covenants that it (and any beneficial purchaser for whom it is acting) will not offer or sell the Debenture Units, the underlying Debentures and Warrants, or any Warrant Shares, to, or for the account or benefit of, any person in the United States or a U.S. Person except as set out above.

- (g) The Lender acknowledges that until such time as the same is no longer required under applicable requirements of the U.S. Securities Act or applicable state securities laws, the certificates representing the Debentures and the Warrant Shares, and all certificates issued in exchange or in substitution thereof, shall bear the following legend (in addition to the legends provided in Article 8):

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR UNDER ANY STATE SECURITIES LAWS, AND THE SECURITIES REPRESENTED HEREBY MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (1) RULE 144 THEREUNDER, IF AVAILABLE, OR (2) 144A THEREUNDER, IF AVAILABLE, AND, IN EACH CASE, IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, OR (D) WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY, PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT, IN THE CASE OF (C)(1) AND (D) ABOVE, AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO COMPANY IS PROVIDED TO THE EFFECT THAT SUCH TRANSFER DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS. **[FOR WARRANT SHARES ADD: THE PRESENCE OF THIS LEGEND MAY IMPAIR THE ABILITY OF THE HOLDER HEREOF TO EFFECT “GOOD DELIVERY” OF THE SECURITIES REPRESENTED HEREBY ON A CANADIAN STOCK EXCHANGE.]**”

provided, that if the Warrant Shares are being sold outside the United States in compliance with the requirements of Rule 904 of Regulation S, and the Warrant Shares were acquired when the Company qualified as a “foreign issuer” (as defined in Rule 902 of Regulation S), the legend set forth above may be removed by providing a declaration to the registrar and transfer agent of the Company, as set forth in Schedule “C” attached hereto (or in such other form as the Company may prescribe from time to time); and provided, further, that, if the Warrant Shares are being sold otherwise than in accordance with Rule 904 of Regulation S and other than to the Company, the legend may be removed by delivery to the registrar and transfer agent and the Company of an opinion of counsel of recognized standing in form and substance satisfactory to the Company that such legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws.

- (h) The Lender acknowledges that acknowledges that the Company is not obligated to remain a "foreign issuer", and may not qualify as a "foreign issuer" at the time of exercise of any Warrants.
- (i) The Lender acknowledges that until such time as the same is no longer required under applicable requirements of the U.S. Securities Act or applicable state securities laws, the certificate representing the Warrants, and all certificates issued in exchange or in substitution thereof, shall bear the following legends (in addition to the legends provided in Article 8):

"THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE COMPANY THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, AND, IN THE CASE OF PARAGRAPH (C) OR (D), THE SELLER FURNISHES TO THE COMPANY AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE COMPANY TO SUCH EFFECT.

THESE WARRANTS MAY NOT BE EXERCISED BY OR ON BEHALF OF A U.S. PERSON OR A PERSON IN THE UNITED STATES UNLESS THE SHARES ISSUABLE UPON EXERCISE OF THESE WARRANTS HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR EXEMPTIONS FROM SUCH REGISTRATION REQUIREMENTS ARE AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT."

- (j) The delivery of this Agreement, the acceptance of it by the Company and the issuance of the Debenture Units (or any underlying securities issuable upon exercise thereof), to the Lender complies with all applicable Laws of the Lender's domicile and all other applicable Laws and will not cause the Company to become subject to or comply with any disclosure, prospectus or reporting requirements under any such applicable Laws.
- (k) The Lender acknowledges and agrees that it has been notified by the Company (i) of the delivery to the OSC of personal information pertaining to the Lender including, without limitation, the full name, address and telephone number of the Lender, the number and type of securities purchased and the total purchase price paid in respect of the Debenture Units, (ii) that this information is being collected indirectly by the OSC under the authority granted to it in securities Laws, (iii) that

this information is being collected for the purposes of the administration and enforcement of the securities Laws of Ontario, and (iv) 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, Ontario M5H 3S8, Telephone: (416) 593-8086, Facsimile: (416) 593-8252, and (v) the Lender hereby authorizes the indirect collection of the information by the OSC.

(l) The Lender acknowledges and agrees that:

- (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Debenture Units;
- (ii) there are risks associated with the purchase of the Debenture Units, and each Lender has such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of its investment and it is able to bear the economic risk of loss of its investment;
- (iii) the Debenture Units are being offered for sale only on a "private placement" basis and that the sale and delivery of the Debenture Units are conditional upon such sale being exempt from the requirements as to the filing of a prospectus or delivery of an offering memorandum or upon the issuance of such orders, consents or approvals as may be required to permit such sale without the requirement of filing a prospectus or delivering an offering memorandum and, as a consequence (i) it is restricted from using most of the civil remedies available under applicable securities laws; (ii) it may not receive information that would otherwise be required to be provided to it under applicable securities laws; and (iii) the Company is relieved from certain obligations that would otherwise apply under applicable securities laws;
- (iv) the Company has advised the Lender, that the Company is relying on an exemption from the requirements to provide the Lender with a prospectus and to sell securities through a person or company registered to sell securities under the *Securities Act* (Ontario) and other applicable securities laws and, as a consequence of acquiring the Debenture Units pursuant to this exemption, certain protections, rights and remedies provided by the *Securities Act* (Ontario) and other applicable securities laws, including statutory rights of rescission or damages, will not be available to them; and
- (v) the Lender acknowledges that the Transaction Agreements requires it to provide certain Personal Information to the Company. Such information is being collected and will be used by the Company for the purposes of completing the proposed issuance and sale of the Debenture Units, which includes, without limitation, determining the Lender's eligibility to purchase such securities under applicable Laws and preparing and registering certificates representing the Debenture Units, and the underlying securities issuable upon exercise thereof. The Lender agree that their Personal Information may be disclosed by the Company to: (a) applicable securities regulatory authorities, (b) the Company's registrar and transfer agent, if any, and (c) any of the other parties involved in the proposed transaction, including legal counsel, and may be included in record books in connection with the transaction. In addition, the Lender acknowledges, agrees and consents to 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.

ARTICLE 6 EVENTS OF DEFAULT

6.1 EVENT OF DEFAULT

Each of the following shall constitute an Event of Default under this Agreement.

- (a) Nonpayment of Loans and Other Liabilities. Default in the payment (i) when due of principal of the Debenture, or (ii) of any interest or any fees or any other amounts payable by Company to Lender hereunder or in the payment of any other Liabilities due from Company to Lender, in each case under this subclause (ii) within ten (10) Business Days of then due.
- (b) Granting of Security. Granting of any security interest not subordinate to the security interest of the Lender in the assets and property of the Company and its subsidiaries other than the security to be provided pursuant to the Permitted Offering as agreed upon by the Lender and contemplated in Schedule "A" of the Debenture.
- (c) Nonpayment of Other Indebtedness. Default (after giving effective to any notice and cure periods) with respect to any indebtedness of Company or any subsidiary in excess of \$500,000 which has not been effectively cured or waived and the obligee of such indebtedness has accelerated the maturity of the indebtedness or acceleration with respect to any other obligations or indebtedness of Company or any subsidiary which in the aggregate has a materially adverse effect upon the Business, assets, liabilities, financial condition or results of operation taken as a whole and which has not been effectively waived or cured: or acceleration of the payment of any debt subordinate to the Debentures.
- (d) Other Material Obligations. Default (after giving effect to any notice and cure periods) in the payment when due, or in the performance or observance of, any material obligation of, or condition agreed to by, Company with respect to any material purchase or lease of goods or services in excess of \$500,000 (except only to the extent that Company is contesting the existence of any such default in good faith and by appropriate proceedings).
- (e) Bankruptcy or Insolvency. Company or any subsidiary files or has filed against it any action under the Bankruptcy Reform Act of 1996 as amended or any Canadian counterpart or any assignment, for the benefit of creditors or similar creditor protection action is initiated with respect to Company or any subsidiary.
- (f) Representations and Warranties. Any representation or warranty made by Company herein or in any Transaction Document is breached or was false or misleading in any material respect when made, or any schedule, certificate, financial statement, report, notice, or other writing furnished to Lender by Company or any Guarantor is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified.
- (g) Transaction Documents [REDACTED]. Company shall fail to comply with or to perform in any material respect any provision of any of the Transaction Documents to which it is a party or the [REDACTED] and such failure shall continue beyond any applicable grace period; or any of the Transaction Documents or the [REDACTED] shall fail to remain in full force and effect except as expressly provided therein: or any action shall be taken to assert the unenforceability or invalidity of any of the Transaction Documents [REDACTED].

[Section 6.1(g) redacted due to a confidentiality provision.]

- (h) Breach of this Agreement or the Transaction Documents. Company fails to perform, keep, or observe, in any material respect, any of the covenants, conditions, promises, agreements or obligations of Company, as the case may be, under this Agreement or any of the Transaction Documents.
- (i) Judgments. There shall be entered against Company one or more judgments or decrees in excess of \$500,000 in the aggregate at any one time outstanding for Company, excluding those judgments or decrees (i) that shall have been stayed, vacated or bonded, (ii) that shall have been outstanding less than 30 days from the entry thereof or (iii) for and to the extent to which Company is insured and with respect to which the insurer specifically has assumed responsibility in writing (and without any reservation of rights) or (iv) for and to the extent to which Company is otherwise indemnified if the terms of such indemnification are reasonably satisfactory to Lender.
- (j) Notice of Tax Lien, Levy, Seizure or Attachment. A notice of lien, levy or assessment is filed of record with respect to all or any portion of Company's assets by the United States or Canada, or any department, agency or instrumentality thereof, or by any state, county, municipal or other governmental agency, including, without limitation, the IRS or the PBGC, or any taxes or debts owing to any of the foregoing becomes a lien or encumbrance upon all or any portion of Company's assets, or the making or any attempt by any Person to make any levy, seizure or attachment upon any of the assets of the Company or any subsidiary (except only to the extent that Company is contesting such notice in good faith and by appropriate proceedings).
- (k) Inability to Conduct Business and De-Listing. If (i) Company or any subsidiary is enjoined, restrained, or in any way prevented by the order of any court or any administrative or regulatory agency from conducting all or any part of its business affairs or loses or has its licence revoked, or (ii) if the Common Shares of the Company cease to be traded on the Canadian Securities Exchange or such other exchange as the Lender may consent to in writing from time to time, or (iii) if any cease trade order is obtained from any Governmental Body causing the Company to de-list or ordering the cessation of trading of the Common Shares or precluding the Company from completing an offering of Common Shares (or precluding any person from completing a secondary offering of Common Shares of the Company) and listing such Common Shares on the Canadian Securities Exchange, provided; however, that it shall not be an Event of Default pursuant to this Section 6.1(k) if the foregoing results from a change in Law or applicable stock exchange rules and policies.
- (l) Dissolution of Company or any subsidiary. Company or any subsidiary which is not an individual voluntarily or involuntarily dissolves or is dissolved, or terminates its existence or has its existence terminated, except in connection with the [REDACTED].

[Section 6.1(l) redacted due to confidentiality provision.]
- (m) Change of Control. The occurrence of any Change of Control Transaction [REDACTED] unless Lender shall have consented to such Change of Control Transaction in writing (which consent shall be made or withheld in Lender's sole discretion).

[Section 6.1(m) redacted due to confidentiality provision.]

(n)

[Section 6.1(n) redacted due to confidentiality provision. Section 6.1(n) describes an event of default that has already been satisfied and is accordingly, not applicable.]

- (o) Material Adverse Change. Any material adverse change in the Business of the Company and its subsidiaries, from time to time, taken as a whole or the occurrence of any event that is a Material Adverse Effect.

6.2 ACCELERATION

Upon the occurrence and during the continuance of an Event of Default specified in Section 6.1, all outstanding amounts of principal owing under the Debenture and all accrued and unpaid interest on the Debenture, and all other amounts owed to Lender under this Agreement and the Transaction Documents, shall thereupon become immediately due and payable without presentment, demand, protest, or other notice of any kind, all of which are expressly waived, anything in this Agreement or the Transaction Documents to the contrary notwithstanding. In addition, upon and during the continuation of an Event of Default, the interest rate under the Debenture shall increase by 300 basis points.

6.3 RIGHTS AND REMEDIES GENERALLY

If any Event of Default shall occur and be continuing then Lender shall have all the rights of a party under the Uniform Commercial Code (and all equivalents thereof), shall have all rights now or hereafter existing under all other applicable laws, and, subject to any mandatory requirements of applicable law then in effect, shall have all the rights set forth in this Agreement the Transaction Documents or in any other agreement or document between the parties hereto. No enumeration of rights in this Section or anywhere else in this Agreement or in any other agreement or document between the parties hereto shall be construed to in any way limit the rights or remedies of Lender.

6.4 RIGHTS AND REMEDIES GENERALLY

Notwithstanding anything contained herein, prior to Lender exercising Lender's rights in Section 6.2 or Section 6.3, the Lender shall have first delivered to the Company a written notice of default (provided that such default is capable of being cured) specifying the default and the Company will have failed to cure such default within 30 days following the date of receipt of such default notice.

ARTICLE 7 SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS, INDEMNITIES AND AGREEMENTS

Subject to the terms and conditions of this Article 7, all representations and warranties, indemnities and agreements of the parties hereto contained in this Agreement and in all certificates and documents delivered pursuant to or contemplated by this Agreement, shall survive the date hereof and shall continue for a period of two years from the date hereof or thereof, at which time they shall expire and cease to be of any further force or effect, provided, however, that:

- (a) the representations and warranties set out in Articles 4 and 5 will survive and continue in full

force and effect for the maximum period of time permitted by the *Limitations Act*, 2002 (Ontario);

- (b) a claim for any breach of any of the representations and warranties contained in this Agreement involving fraud or fraudulent misrepresentation (as determined by a court of competent jurisdiction) or involving a representation and warranty which the Company knew to be false or incomplete shall survive and continue in full force and effect without limitation of time;
- (c) except for the covenants related to (i) the issuance of the Warrant Shares upon exercise of the Warrants, (ii) the Company's obligation to use reasonable commercial efforts to cause its Common Shares to continue to be listed for trading on the Canadian Securities Exchange pursuant to 4.17(b), and (iii) the Company's obligation to provide PFIC status pursuant to 4.17(l) (collectively, the "**Tail Covenants**"), the covenants of the Company contained in Section 4.17 expire concurrently with the Company repaying all interest and principal of the Debentures. The Tail Covenants expire on the date that is two years from the date hereof.

The parties hereto hereby acknowledge that if notice regarding any matter contemplated in this Article 7 is given by any party hereto, acting in good faith, to the others of them within the relevant time period specified in this Article 7, and if before such matter has been fully dealt with pursuant to this Agreement, the relevant time period would expire, the time period in question shall be deemed to be extended (with respect to such matter only) until such matter has been fully dealt with pursuant to this Agreement.

ARTICLE 8 INDEMNIFICATION

8.1 INDEMNIFICATION BY THE COMPANY

To the fullest extent permitted by law, the Company shall indemnify the Lender and its directors, officers, shareholders, employees, partners, consultants, agents and their respective heirs, successors and assigns (collectively, the "**Indemnified Parties**") from and against all direct losses, costs, damages, expenses and liabilities, including legal fees (collectively, a "**Loss**"), which may be suffered or incurred by the Lender arising out of, as a result of or relating in any manner whatsoever to any misrepresentation or breach of representation or warranty or covenant made by the Company in the Transaction Agreements.

For purposes of this Section 8.1, the determination of any Loss for indemnification hereunder shall take into account the net effect of each of the following on the Lender as it relates to each particular indemnity payment, if and as applicable:

- (a) the decrease in value, if any from such indemnification claim (i) in the Debentures and (ii) the shares issuable upon exercise of the Warrant Shares;
- (b) the portion of the indemnification payment which would be attributable to the Lender as a result of the Lender being shareholders of the Company at the time the indemnification payment under this Article 8 is being made;
- (c) direct tax savings realized by the Lender in respect of such matter;
- (d) any tax cost or consequences (including withholding tax and income tax) to the Lender related to the receipt by it of the indemnity payment;
- (e) insurance proceeds which the Lender received in respect of such matter; and

- (f) indemnity payments which the Lender received from parties other than the Company hereunder in respect of such matter.

8.2 NOTICE OF CLAIM

If the Lender become aware of a Loss in respect of which indemnification is provided for pursuant to Section 8.1, the Lender shall give written notice of the Loss to the Company within 60 days of becoming aware of such Loss. Such notice shall specify whether the Loss arises as a result of a claim by a Person against the Lender or whether the Claim does not so arise, and shall also specify with reasonable particularity (to the extent that the information is available):

- (a) the factual basis for the claim; and
- (b) the amount of the Loss, if known.

8.3 THIRD PARTY CLAIMS

If any legal proceedings shall be instituted or any claim is asserted by any non-affiliated third party in respect of which any of the Indemnified Parties may be entitled to indemnity hereunder, any Lender shall give the Company written notice in accordance with Section 8.2 and Article 16. The Lender shall have the right, at its option and expense, to participate in the defence of such a proceeding or claim and, at its option, to control the defence, negotiation or settlement thereof.

ARTICLE 9 LEGENDS

- (a) In addition to any legend required hereunder, the warrant certificate in respect of the Warrants to be issued hereunder (or any Warrant Shares or other securities issued upon exercise or exercise thereof) shall be stamped or imprinted with legends in substantially the following form:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [FOUR MONTHS PLUS ONE DAY FROM THE CLOSING DATE].”

ARTICLE 10 FURTHER ASSURANCES

Each of the parties hereto shall promptly do, make, execute, deliver or cause to be done, made, executed or delivered, all such further acts, documents and things as the other parties hereto may require, acting reasonably, from time to time for the purpose of giving effect to this Agreement and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to the full extent the provisions of this Agreement.

ARTICLE 11 SEVERABILITY

If any provision hereof is illegal, invalid or unenforceable, such provision shall be deemed to be severed and deleted from this Agreement and such illegality, invalidity or unenforceability shall not in any manner affect the validity or enforceability of the remainder hereof.

ARTICLE 12 WAIVER

A waiver of any default, breach or non-compliance under this Agreement is not effective unless in writing and signed by the party to be bound by the waiver. No waiver shall be inferred from or implied by any act or delay in acting by a party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other party. The waiver by a party of any default, breach or non-compliance under this Agreement shall not operate as a waiver of that party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).

ARTICLE 13 COUNTERPARTS AND FACSIMILE

This Agreement may be executed originally, by facsimile or by e-mail transmission of an Adobe Acrobat file or similar means of recorded electronic transmission and in one or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument and shall be valid, binding and effective as if originally signed as one document.

ARTICLE 14 GOVERNING LAW

This Agreement shall be governed by and construed in accordance with internal laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of Delaware.

ARTICLE 15 FEES AND EXPENSES

At Closing or termination hereof due to breach or default by the Company, Company shall immediately pay to Lender any and all reasonable out of pocket costs, charges, fees and other expenses incurred by Lender (i) in connection with the preparation, documentation, negotiation and execution of this Agreement and the Transaction Documents and if Lender, in its sole discretion, [REDACTED] (to a maximum of \$150,000 exclusive of disbursements and taxes), (ii) employs counsel for advice or other representation (A) with respect to the amendment or enforcement of this Agreement or the Transaction Documents (B) to represent Lender in any litigation, contest, dispute, suite or proceeding or to commence, defend or intervene or to take any other action in or with respect to any litigation, contest, dispute, suit or proceeding (whether instituted by Lender, Company or any other Person) in any way or respect relating to this Agreement, the Transaction Documents or (C) to enforce any of Lender's rights with respect to Company; and/or (iii) seeks to enforce or enforces any of Lender's rights and remedies with respect to the Company, provide that no such reimbursement shall be due if Lender is not the prevailing party in any such litigation.

[Article 15 redacted due to confidentiality provision.]

ARTICLE 16 NOTICE

All notices, requests or other communications required or permitted by the terms hereof to be given by the parties hereto to the others of them shall be given by personal delivery, facsimile transmission, electronic mail or by mail delivered or sent to the others of them as follows:

(a) To the Company:

iAnthus Capital Holdings, Inc.
Suite 414, 420 Lexington Avenue
New York, NY 10170
USA

Attention : Chief Financial Officer
E-mail : julius.kalcevich@ianthuscapital.com

With a copy to (which shall not constitute notice):

McMillan LLP
Suite 1500, 1055 West Georgia Street
Vancouver, BC V6E 4N7
Canada

Attention: James Munro
Email: james.munro@mcmillan.ca

(b) To the Lender:

c/o Gould & Ratner LLP
222 N. La Salle St Ste 800
Chicago, IL 60601
USA

Attention : Fred Tannenbaum
Email: ftannenbaum@gouldratner.com

With a copy to (which shall not constitute notice):

DLA Piper (Canada) LLP
100 King Street West, Suite 600
Toronto, ON M5X 1E2
Canada

Attention: Robert Fonn
E-mail: robert.fonn@dlapiper.com

or at such other address or facsimile transmission number as may be given by any of them to the others in writing from time to time. All such notices, requests or other communications shall be deemed to have been received when (a) delivered the next business day after sending by overnight courier or transmitted by electronic mail or facsimile, or, (b) if mailed, five (5) Business Days after the date of mailing thereof.

**ARTICLE 17
ASSIGNMENT**

No Party may assign its rights or benefits under this Agreement except that the Lender may assign their rights and benefits or any of their obligations under this Agreement to (i) any of its Affiliates or members (without relieving the assigning party of its obligations); or (ii) any Person or Persons who may purchase all or part of their Debenture Units, subject to compliance with applicable securities laws.

**ARTICLE 18
SUCCESSORS AND ASSIGNS**

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

**ARTICLE 19
ANNOUNCEMENT**

Unless otherwise required by applicable law or the rules of any exchange on which a party lists its securities (based upon the reasonable advice of counsel and after prior review and comment with the other party, not to be unreasonably withhold or delayed), neither party shall make any public announcements in respect of this Agreement, the Transaction, or otherwise communicate with any news media without the prior written consent of the other party regarding the transactions contemplated herein, and the parties shall cooperate in good faith as to the timing and contents of any such announcement.

(The remainder of this page has intentionally been left blank.)

IN WITNESS WHEREOF, the parties have executed this Debenture Purchase Agreement as of the date first written.

VCP BRIDGE, LLC

By: VCP IP Holdings, LLC, Its Manager

Per: (signed) "Fred Tannenbaum"
Name: Fred Tannenbaum
Title: Authorized Signatory

IANTHUS CAPITAL HOLDINGS, INC.

Per: (signed) "Julius Kalcevich"
Name: Julius Kalcevich
Title: Authorized Signatory

Schedule "A"

CANADIAN "ACCREDITED INVESTOR" CERTIFICATE

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

****If you check box (j), (k) or (l), you must also complete a Risk Acknowledgement Form to be provided by the Company**

- ☐ (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) except in Ontario, the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada);
- ☐ (c) a subsidiary of any person or company referred to in paragraphs (a), (a.1) or (b), if the person or company owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary;
- ☐ (d) a person or company registered under the securities legislation of a jurisdiction (province or territory) of Canada as an adviser or dealer;
- ☐ (e) an individual 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 (province or territory) of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction (province or territory) 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 of or in any foreign jurisdiction, or any agency of that government;
- ☐ (i) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada), a pension commission or similar regulatory authority of a jurisdiction (province or territory) 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;
[PLEASE ALSO COMPLETE SECTIONS 2-4 OF THE RISK ACKNOWLEDGEMENT FORM]
- ☐ (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;

- ☐ (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 THE RISK ACKNOWLEDGEMENT FORM]**
- ☐ (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 THE RISK ACKNOWLEDGEMENT FORM]**
- ☐ (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 sub-paragraph (i) or (ii) that acquires or acquired securities under section 2.18 [*Investment fund reinvestment*] of NI 45-106;
- ☐ (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 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) (i) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor; or (ii) in Ontario, a person that is recognized or designated by the Ontario Securities Commission as an accredited investor; or
- ☐ (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all 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) "bank" means a bank named in Schedule I or II of the *Bank Act* (Canada);
- (b) "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;

- (c) “company” means any corporation, incorporated association, incorporated syndicate or other incorporated organization;
- (d) “financial assets” means (i) cash, (ii) securities, or (iii) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;
- (e) “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;
- (f) “investment fund” has the same meaning as in National Instrument 81-106 *Investment Fund Continuous Disclosure*;
- (g) “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.
- (h) “related liabilities” means (i) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or (ii) liabilities that are secured by financial assets;
- (i) “Schedule III bank” means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);
- (j) “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
- (k) “subsidiary” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

In NI 45-106 a person or company is considered to be an affiliated entity of another person or company if one is a subsidiary entity of the other, or if both are subsidiary entities of the same person or company, or if each of them is controlled by the same person or company.

In NI 45-106 a person (first person) is considered to control another person (second person) if (a) the first person, directly or indirectly, beneficially owns or 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.

In 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.

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

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The foregoing certificate is true and accurate as of the date of this certificate and will be true and accurate as of the Closing Date.

Dated: January ____, 2017

NON-INDIVIDUAL PURCHASER SIGNATURE

(Print Name of Purchaser Above)

By: _____
(Authorized Signatory Sign Above)

(Print Name of Authorized Signatory Above)

(Print Official Capacity or Title of Authorized Signatory Above)

Schedule "B"

U.S. ACCREDITED INVESTOR CERTIFICATE

The undersigned Lender hereby certifies that it is an Accredited Investor as that term is defined in Rule 501(a) of Regulation D adopted pursuant to the *United States Securities Act* of 1933, as amended (the "**U.S. Securities Act**"). The specific category(s) of Accredited Investor applicable to the undersigned is checked below. **All references to dollar amounts in this Schedule A are to the lawful currency of the United States.**

- _____ (a) Any bank as defined in Section 3(a)(2) of the U.S. Securities Act or any 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; any broker dealer registered pursuant to Section 15 of the United States Securities Exchange Act of 1934, as amended; any insurance company as defined in Section 2(13) of the U.S. Securities Act; any investment company registered under the United States Investment Company Act of 1940, as amended, or a business development company as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the United States Small Business Investment Act of 1958, as amended; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of the United States Employee Retirement Income Security Act of 1974, as amended, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
- _____ (b) Any private business development company as defined in Section 202(a)(22) of the United States Investment Advisers Act of 1940, as amended;
- _____ (c) Any organization described in Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;
- _____ (d) Any trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person, being defined as a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment;
- _____ (e) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds \$1,000,000 (**Note:** The value of an individual's primary residence may not be included in this net worth calculation, and any indebtedness in excess of the value of an individual's primary residence should be considered a liability and should be deducted from an individual's net worth);
- _____ (f) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of

\$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

_____ (g) Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer or general partner of a general partner of that issuer; or

_____ (h) Any entity in which all of the equity owners meet the requirements of at least one of the above categories.

IN WITNESS WHEREOF, the undersigned has executed this U.S. Accredited Investor Certificate this _____ day of _____, 2018.

Name of Lender

By: _____
Name:
Title:

Schedule "C"

Form of Declaration for Removal of Legend

TO: iAnthus Capital Holdings, Inc. (the "Issuer")

AND TO: Registrar and transfer agent for the shares of the Issuer

The undersigned (A) acknowledges that the sale of the _____ common shares in the capital of the Issuer represented by certificate number _____, to which this declaration relates, 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 defined in Rule 405 under the U.S. Securities Act) of the Issuer (except solely by virtue of being an officer or director of the Issuer) or a "distributor", as defined in Regulation S, or an affiliate of a "distributor"; (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 believe that the buyer was outside the United States, or (b) the transaction was executed on or through the facilities of the TSX Venture Exchange or a designated offshore securities market within the meaning of Rule 902(b) of Regulation S under the U.S. Securities Act, 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 their behalf has engaged in any directed selling efforts 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 the securities sold in reliance on Rule 904 of Regulation S under the U.S. Securities Act 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, is part of a plan or a scheme to evade the registration provisions of the U.S. Securities Act. Unless otherwise specified, terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

Dated: _____

X _____
Signature of individual (if Seller is an individual)

X _____
Authorized signatory (if Seller is **not** an individual)

Name of Seller (**please print**)

Name of authorized signatory (**please print**)

Official capacity of authorized signatory (**please print**)

Affirmation by Seller's Broker-Dealer
(Required for sales pursuant to Section (B)(2)(b) above)

We have read the representations of our customer _____ (the "**Seller**") contained in the foregoing Declaration for Removal of Legend, dated _____, 20____, with regard to the sale, for such Seller's account, of _____ common shares (the "**Securities**") of the Issuer represented by certificate number _____. We have executed sales of the Securities pursuant to Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), on behalf of the Seller. In that connection, we hereby represent to you as follows:

- (1) no offer to sell Securities was made to a person in the United States;
- (2) the sale of the Securities was executed in, on or through the facilities of the Toronto Stock Exchange, the TSX Venture Exchange or another designated offshore securities market (as defined in Rule 902(b) of Regulation S under the U.S. Securities Act), and, to the best of our knowledge, the sale was not pre-arranged with a buyer in the United States;
- (3) no "directed selling efforts" were made in the United States by the undersigned, any affiliate of the undersigned, or any person acting on behalf of the undersigned; and
- (4) we have done no more than execute the order or orders to sell the Securities as agent for the Seller and will receive no more than the usual and customary broker's commission that would be received by a person executing such transaction as agent.

For purposes of these representations: "**affiliate**" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the undersigned; "**directed selling efforts**" means any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the Securities (including, but not be limited to, the solicitation of offers to purchase the Securities from persons in the United States); and "**United States**" means the United States of America, its territories or possessions, any State of the United States, and the District of Columbia.

Legal counsel to the Issuer shall be entitled to rely upon the representations, warranties and covenants contained herein to the same extent as if this affirmation had been addressed to them.

Name of Firm

By: _____
Authorized Signatory

Exhibit "A"
Form of Warrant Certificate

[See Next Page]

WARRANT CERTIFICATE

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE COMPANY THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, AND, IN THE CASE OF CLAUSE (C) OR (D), THE SELLER FURNISHES TO THE COMPANY AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE COMPANY TO SUCH EFFECT.

THESE WARRANTS MAY NOT BE EXERCISED BY OR ON BEHALF OF A U.S. PERSON OR A PERSON IN THE UNITED STATES UNLESS THE SHARES ISSUABLE UPON EXERCISE OF THESE WARRANTS HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR EXEMPTIONS FROM SUCH REGISTRATION REQUIREMENTS ARE AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT.

THE WARRANTS REPRESENTED HEREBY WILL BE VOID AND OF NO VALUE AFTER 5:00 P.M. (TORONTO TIME) ON JANUARY 17, 2021 UNLESS HOLDER HAS EXERCISED ITS RIGHTS PRIOR THERETO.

IANTHUS CAPITAL HOLDINGS, INC.

(Incorporated under the laws of British Columbia)

Certificate Number: 2018-10-N1
10,040,000 Warrants to Purchase

10,040,000 Shares

COMMON SHARE PURCHASE WARRANTS

THIS IS TO CERTIFY THAT, for value received, **VCP BRIDGE, LLC**, a limited liability company established under the laws of the State of Delaware, or its lawful assignee (the "**Holder**") is entitled to subscribe for and purchase (i) on or prior to June 29, 2018, up to 10,040,000 Class A convertible restricted voting shares in the capital of iAnthus Capital Holdings Inc. (the "**Company**"), or (ii) at any time after June 29, 2018 and on or before 5:00 p.m. Toronto time on January 17, 2021 (the "**Expiry Date**"), up to 10,040,000 fully paid and non-assessable common shares without par value in the capital of the Company, (collectively the "**Shares**" and individually, a "**Share**"), at a price of \$1.9928 per Share. This Warrant is subject to the provisions of the Terms and Conditions attached hereto as **SCHEDULE "A"** and forming part hereof.

The rights represented by this Warrant Certificate may be exercised by the Holder, in whole or in part (but not as to a fraction of a Share) by surrender of this Warrant Certificate (properly endorsed as required), together with a Warrant Exercise Form in the form attached hereto as **APPENDIX "B"**, duly completed and executed, to the Company at 420 Lexington Avenue, Suite 300, New York, New York 10170, United States (Attention: Chief Financial Officer), or such other address as the Company may

from time to time in writing direct, together with a certified cheque or bank draft payable to or to the order of the Company in payment of the purchase price of the number of Shares subscribed for. The Holder is advised to read "Instruction to Holders" attached hereto as **APPENDIX "A"** for details on how to complete the Warrant Exercise Form (as such term is defined in **SCHEDULE "A"**).

IN WITNESS WHEREOF the Company has caused this Warrant Certificate to be executed by its duly authorized officer, this ____ day of _____, 2018.

iANTHUS CAPITAL HOLDINGS, INC.

Per: _____
Authorized Signatory

SCHEDULE "A"

TERMS AND CONDITIONS ATTACHED TO COMMON SHARE PURCHASE WARRANTS ISSUED BY iANTHUS CAPITAL HOLDINGS, INC. (the "Company")

Each Warrant of the Company, whether single or part of a series, is subject to these Terms and Conditions as they were at the date of issue of the Warrant.

PART 1 DEFINITIONS AND INTERPRETATION

Definitions

Section 1.1 In these Terms and Conditions, except as otherwise expressly provided herein, the following words and phrases will have the following meanings:

- (a) **"Company"** means iAnthus Capital Holdings, Inc., a corporation incorporated under the *Business Corporations Act* (British Columbia) and includes any successor corporations;
- (b) **"Company's auditor"** means the accountant duly appointed as auditor of the Company;
- (c) **"Exercise Price"** means \$1.9928 per Share or as may be adjusted pursuant to Section 5;
- (d) **"Expiry Date"** means January 17, 2021;
- (e) **"Expiry Time"** means 5:00 p.m. (Toronto time) on the Expiry Date;
- (f) **"Holder"** means the registered holder of a Warrant;
- (g) **"Joint Actors"** has the meaning ascribed thereto in Section 7.1;
- (h) **"person"** means an individual, corporation, partnership, trustee or any unincorporated organization, and words importing persons have a similar meaning;
- (i) **"Shares"** or **"shares"** means the common shares or Class A convertible restricted voting shares, as the case may be, in the capital of the Company as constituted at the date of issue of a Warrant and any shares resulting from any event referred to in Section 4.8;
- (j) **"Warrant"** means a warrant as evidenced by the certificate, one (1) Warrant entitles the Holder to purchase one (1) common share at any time after June 29, 2018 and prior to the Expiry Date, or one (1) Class A convertible restricted voting share at any time on or prior to June 29, 2018, as the case may be, of the Company (subject to adjustment) at the Exercise Price set forth on the Warrant Certificate;
- (k) **"Warrant Certificate"** means the certificate evidencing the Warrant; and
- (l) **"Warrant Exercise Form"** means APPENDIX "B" hereof.

Interpretation

Section 1.2 In these Terms and Conditions, except as otherwise expressly provided herein:

- (a) the words “herein”, “hereof”, and “hereunder” and other words of similar import refer to this Warrant Certificate as a whole and not to any particular Part, clause, subclause or other subdivision;
- (b) a reference to a Part or a Section means a Part or a Section, as applicable, of these Terms and Conditions;
- (c) the headings are for convenience only, do not form a part of these Terms and Conditions and are not intended to interpret, define or limit the scope, extent or intent of these Terms and Conditions or any of its provisions;
- (d) all dollar amounts referred to herein are expressed in United States dollars funds;
- (e) time will be of the essence hereof; and
- (f) words importing the singular number include the plural and vice versa, and words importing the masculine gender include feminine and neuter genders.

Applicable Law

Section 1.3 The Warrants will be construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable thereto and will be treated in all respects as legal contracts under the laws of the Province of British Columbia.

PART 2 ISSUE OF WARRANTS

Additional Warrants

Section 2.1 The Company may at any time and from time to time issue Warrants or grant options or similar rights to purchase shares of in its capital.

Issue in Substitution for Lost Warrants

Section 2.2 In case a Warrant Certificate will become mutilated, lost, destroyed or stolen, the Company in its discretion may issue and deliver a new Warrant Certificate of like date and tenor as the one mutilated, lost, destroyed or stolen in exchange for, and in place of, and upon cancellation of, such mutilated Warrant Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Warrant Certificate, and the Warrants represented by such substituted Warrant Certificate will be entitled to the benefit hereof and rank equally in accordance with its terms with all other Warrants of the same issue. The Company may charge a reasonable fee for the issuance and delivery of a new Warrant Certificate.

Section 2.3 The applicant for the issue of a new Warrant Certificate pursuant hereto will bear the cost of the issue thereof and in the case of loss, destruction or theft furnish to the Company such evidence of ownership, and of loss, destruction or theft of the Warrant Certificate so lost, destroyed or stolen as will be satisfactory to the Company in its discretion; and such applicant may also be required to furnish

indemnity in amount and form satisfactory to the Company in its discretion and will pay the reasonable charges of the Company in connection therewith.

Holder not a Shareholder

Section 2.4 The holding of a Warrant will not constitute the Holder a shareholder of the Company, nor entitle the Holder to any right or interest in respect thereof, except as expressly provided in the Warrant Certificate.

Securities Law Exemption

Section 2.5 The Holder acknowledges and agrees that the Warrants and any Shares issued pursuant to the exercise of any Warrants have been or will be issued only on a "private placement" basis and that the Company has no obligation to, and does not intend to, file any prospectus or registration statement in any jurisdiction in order to qualify any of such Warrants and/or Shares for resale.

PART 3 OWNERSHIP

Exchange of Warrants

Section 3.1 A Warrant Certificate in any authorized denomination, upon compliance with the reasonable requirements of the Company, may be exchanged for a Warrant Certificate(s) in any other authorized denomination of the same issue entitling the Holder to purchase an equal aggregate number of Shares at the same Exercise Price and on the same terms as the Warrant Certificate so exchanged.

Section 3.2 Warrants may be exchanged only with the Company. Any Warrants tendered for exchange will be surrendered to the Company and cancelled.

Section 3.3 The Warrants are transferable by the Holder completing and submitting to the Company a completed and duly executed Warrant Transfer Form.

Charges for Exchange

Section 3.4 On exchange of Warrants, the Company, except as otherwise herein provided, may charge a reasonable fee for each new Warrant Certificate issued, and payment of any transfer taxes or governmental or other charges required to be paid will be made by the party requesting such exchange.

Ownership of Warrants

Section 3.5 The Company may deem and treat the Holder of a Warrant as the absolute owner of such Warrant for all purposes and will not be affected by any notice or knowledge to the contrary.

Notice to Holder

Section 3.6 Unless herein otherwise expressly provided, any notice to be given hereunder to a Holder will be deemed to be validly given, if mailed to the address of the Holder as set out on the Warrant Certificate. Any notice so given will be deemed to have been received five days from the date of mailing to the Holder or any market intermediary then holding the Warrants of the Holder in any trust account.

PART 4

EXERCISE OF WARRANTS

Method of Exercise of Warrants

Section 4.1 The right to purchase Shares conferred by a Warrant may be exercised by the Holder surrendering the Warrant Certificate, together with a duly completed and executed Warrant Exercise Form and a certified cheque or bank draft payable to, or to the order of the Company at the address as set out on the Warrant Certificate, for the purchase price applicable at the time of surrender in respect of the shares subscribed for in lawful money of Canada to the Company at the address as set out on the Warrant Exercise Form.

Effect of Exercise of Warrants

Section 4.2 Upon surrender and payment as aforesaid, the shares so subscribed for will be deemed to have been issued, and the Holder will be deemed to have become the holder of such shares on the date of such surrender and payment, and such shares will be issued at the Exercise Price as may be adjusted in the events and in the manner described herein.

Section 4.3 Within two business days after surrender and payment as aforesaid, the Company will forthwith cause to be delivered to the person in whose name the shares are directed to be registered as specified in such Warrant Exercise Form, or if no such direction is given, the Holder, a certificate for the appropriate number of shares not exceeding those which the Holder is entitled to purchase pursuant to the Warrant Certificate surrendered.

Subscription for Less than Entitlement

Section 4.4 A Holder may purchase a number of Shares less than the number which the Holder is entitled to purchase pursuant to the surrendered Warrant Certificate. In the event of any purchase of a number of shares less than the number which can be purchased pursuant to a Warrant Certificate, the Holder, upon exercise thereof, will, in addition to certificates representing shares issued on such exercise, and be entitled to receive a new Warrant Certificate in respect of the balance of the shares which the Holder was entitled to purchase pursuant to the surrendered Warrant Certificate but which were not then purchased.

Warrants for Fractions of Shares

Section 4.5 To the extent that a Holder is entitled to receive on the exercise or partial exercise thereof a fraction of a Share, such right may be exercised in respect of such fraction only in combination with another Warrant which in the aggregate will entitle the Holder to receive a whole number of Shares.

Expiration of Warrants

Section 4.6 After the Expiry Date, all rights under the Warrants will wholly cease and terminate, and the Warrants will thereupon be void and of no effect.

Exercise Price

Section 4.7 The price per Share which must be paid to exercise a Warrant is the Exercise Price, as may be adjusted in the events and in the manner described herein.

Class of Securities

Section 4.8 Notwithstanding anything contained in this **SCHEDULE “A”** or the Warrant Certificate to which the **SCHEDULE “A”** is attached, if the Warrants, or any of them, are exercised on or prior to June 29, 2018, then the Shares issued upon exercise of the Warrants will be Class A convertible restricted voting shares in the capital of the Company. If the Warrants, or any of them, are exercised after June 29, 2018 then the Shares issued upon exercise of the Warrants will be common shares in the capital of the Company.

PART 5 ADJUSTMENTS AND ACCELERATION

Section 5.1 Adjustments

- (1) **Definitions:** For the purposes of this Part 5, unless there is something in the subject matter or context inconsistent therewith, the words and terms defined below shall have the respective meanings specified therefor in this subsection:
 - (a) **“Adjustment Period”** means the period commencing on the date of issue of this Warrant and ending at the Expiry Time;
 - (b) **“Current Market Price”** means the price per share equal to the weighted average price at which the Shares have traded on the Canadian Securities Exchange or a senior stock exchange or, if the Shares are not then listed on such an exchange, in the over-the-counter market, during the period of any twenty (20) consecutive trading days ending not more than five (5) business days before such date;
 - (c) **“director”** means a director of the Company at the relevant time and, unless otherwise specified herein, a reference to action “by the directors” means action by the directors of the Company as a board or, whenever empowered, action by any committee of the directors of the Company; and
 - (d) **“trading day”** with respect to a stock exchange or over-the-counter market means a day on which such stock exchange or market is open for business.
- (2) **Adjustments:** The Exercise Price and the number of Shares issuable to the Holder pursuant to this Warrant shall be subject to adjustment from time to time in the events and in the manner provided as follows:
 - (a) If at any time during the Adjustment Period the Company shall:
 - (i) fix a record date for the issue of, or issue, Shares to the holders of all or substantially all of the outstanding Shares by way of a stock dividend;
 - (ii) fix a record date for the distribution to, or make a distribution to, the holders of all or substantially all of the Shares payable in Shares or securities exchangeable or exercisable for or convertible into Shares;
 - (iii) subdivide the outstanding Shares into a greater number of Shares; or

- (iv) consolidate the outstanding Shares into a lesser number of Shares;

(any of such events in subclauses 5.1(2)(a)(i), 5.1(2)(a)(ii), 5.1(2)(a)(iii) and 5.1(2)(a)(iv) above being herein called a “**Share Reorganization**”), the Exercise Price shall be adjusted on the earlier of the record date on which holders of Shares are determined for the purposes of the Share Reorganization and the effective date of the Share Reorganization to the amount determined by multiplying the Exercise Price in effect immediately prior to such record date or effective date, as the case may be, by a fraction:

- (A) the numerator of which shall be the number of Shares outstanding on such record date or effective date, as the case may be, before giving effect to such Share Reorganization; and
- (B) the denominator of which shall be the number of Shares which will be outstanding immediately after giving effect to such Share Reorganization (including in the case of a distribution of securities exchangeable or exercisable for or convertible into Shares, the number of Shares that would be outstanding had such securities all been exchanged or exercised for or converted into Shares on such date).

To the extent that any adjustment in the Exercise Price occurs pursuant to this Subsection 5.1(2)(a) as a result of the fixing by the Company of a record date for the distribution of securities exchangeable for or convertible into Shares, the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange or conversion right to the Exercise Price which would then be in effect based upon the number of Share actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right. If the Holder has not exercised its right to subscribe for and purchase Shares on or prior to the record date of such stock dividend or distribution or the effective date of such subdivision or consolidation, as the case may be, upon the exercise of such right thereafter shall be entitled to receive and shall accept in lieu of the number of Shares then subscribed for and purchased by the Holder, at the Exercise Price determined in accordance with this Subsection 5.1(2)(a) the aggregate number of Shares that the Holder would have been entitled to receive as a result of such Share Reorganization, if, on such record date or effective date, as the case may be, the Holder had been the holder of record of the number of Shares so subscribed for and purchased.

- (b) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Share of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (such period being the “**Rights Period**”), to subscribe for or purchase Share or securities exchangeable for or convertible into Shares at a price per share to the holder (or in the case of securities exchangeable for or convertible into Shares, at an exchange or conversion price per share) at the date of issue of such securities of less than 95% of the Current Market Price of the Shares on such record date (any of such events being called a “**Rights Offering**”), the Exercise Price shall be adjusted effective immediately after the

record date for such Rights Offering to the amount determined by multiplying the Exercise Price in effect on such record date by a fraction:

- (i) the numerator of which shall be the aggregate of:
 - (A) the number of Shares outstanding on the record date for the Rights Offering; and
 - (B) the quotient determined by dividing:
 - either: (a) the product of the number of Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Shares are offered; or (b) the product of the exchange, exercise or conversion price of the securities so offered and the number of Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged, exercised or converted, as the case may be; by
 - the Current Market Price of the Shares as of the record date for the Rights Offering; and
- (ii) the denominator of which shall be the aggregate of the number of Shares outstanding on such record date and the number of Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable or exercisable for or convertible into Shares, the number of Shares into which such securities may be exchanged, exercised or converted).

Any Share owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Subsection 5.1(2)(b) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants referred to in this Subsection 5.1(2)(b), the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (c) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the Share of:
 - (i) shares of the Company of any class other than Shares;
 - (ii) rights, options or warrants to acquire Shares or securities exchangeable or exercisable for or convertible into Shares (other than rights, options or warrants pursuant to which holders of Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Shares or securities exchangeable or

exercisable for or convertible into Shares at a price per share (or in the case of securities exchangeable or exercisable for or convertible into Shares at an exchange, exercise or conversion price per share on the record date for the issue of such securities) of at least 95% of the Current Market Price of the Shares on such record date);

- (iii) evidences of indebtedness of the Company; or
- (iv) any property or assets of the Company;

and if such issue or distribution does not constitute a Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a “**Special Distribution**”), the Exercise Price shall be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Exercise Price in effect on the record date for the Special Distribution by a fraction:

- (A) the numerator of which shall be the difference between

the product of the number of Shares outstanding on such record date and the Current Market Price of the Shares on such record date, and

the fair value, as determined by the directors of the Company, to the holders of Shares of the shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution, and

- (B) the denominator of which shall be the product obtained by multiplying the number of Shares outstanding on such record date by the Current Market Price of the Shares on such record date.

Any Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Subsection 5.1(2)(c) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants to acquire Shares or securities exchangeable or exercisable for or convertible into Shares referred to in this Subsection 5.1(2)(c), the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange, exercise or conversion right to the amount which would then be in effect if the fair market value had been determined on the basis of the number of Shares issued and remaining issuable immediately after such expiry, and shall be further readjusted in such manner upon the expiry of any further such right.

- (d) If at any time during the Adjustment Period there shall occur:

- (i) a reclassification or redesignation of the Shares, any change of the Shares into other shares or securities or any other capital reorganization involving the Shares other than a Share Reorganization;
- (ii) a consolidation, amalgamation or merger of the Company with or into any other body corporate which results in a reclassification or redesignation of the Shares or a change of the Shares into other shares or securities; or
- (iii) the transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or entity;

(any of such events being herein called a "**Capital Reorganization**"), after the effective date of the Capital Reorganization, the Holder shall be entitled to receive, and shall accept, for the same aggregate consideration, upon exercise of this Warrant, in lieu of the number of Shares which the Holder was theretofore entitled to purchase or receive upon the exercise of this Warrant, the kind and aggregate number of shares and other securities or property resulting from the Capital Reorganization which the Holder would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, the Holder had been the registered holder of the number of Shares to which the Holder was theretofore entitled to purchase or receive upon the exercise of this Warrant. If necessary, as a result of any Capital Reorganization, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interest thereafter of the Holder to the end that the provisions of this Warrant Certificate shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of this Warrant.

- (e) If at any time during the Adjustment Period any adjustment or readjustment in the Exercise Price shall occur pursuant to the provisions of Subsections 5.1(2)(a), 5.1(2)(b), or 5.1(2)(c) hereof, then the number of Shares purchasable upon the subsequent exercise of this Warrant shall be simultaneously adjusted or readjusted, as the case may be, by multiplying the number of Shares purchasable upon the exercise of this Warrant immediately prior to such adjustment or readjustment by a fraction which shall be the reciprocal of the fraction used in the adjustment or readjustment of the Exercise Price.
- (3) Rules: The following rules and procedures shall be applicable to adjustments made pursuant to Subsection 5.1(2) of this Warrant.
- (a) Subject to the following provisions of this Subsection 5.1(3), any adjustment made pursuant to Subsection 5.1(2) hereof shall be made successively whenever an event referred to therein shall occur.
 - (b) No adjustment in the Exercise Price shall be required unless such adjustment would result in a change of at least one per cent in the then Exercise Price; provided, however, that any adjustments which except for the provision of this Subsection 5.1(3)(b) would otherwise have been required to be made shall be carried forward and taken into account in any subsequent adjustment.

Notwithstanding any other provision of Subsection 5.1(2) hereof, no adjustment of the Exercise Price shall be made which would result in an increase in the Exercise Price or a decrease in the number of Shares issuable upon the exercise of this Warrant (except in respect of the Share Reorganization described in Subsection 5.1(2)(a)(iv) hereof or a Capital Reorganization described in Subsection 5.1(2)(d)(ii) hereof).

- (c) No adjustment in the Exercise Price or in the number or kind of securities purchasable upon the exercise of this Warrant shall be made in respect of any event described in Section 5.1 hereof if the Holder is entitled to participate in such event on the same terms *mutatis mutandis* as if the Holder had exercised this Warrant prior to or on the record date or effective date, as the case may be, of such event.
- (d) No adjustment in the Exercise Price or in the number of Shares purchasable upon the exercise of this Warrant shall be made pursuant to Subsection 5.1(2) hereof in respect of the issue from time to time of Shares and Shares pursuant to this Warrant Certificate or pursuant to any stock option, stock purchase or stock bonus plan in effect from time to time for directors, officers or employees of the Company and/or any subsidiary of the Company and any such issue, and any grant of options in connection therewith, shall be deemed not to be a Share Reorganization, a Rights Offering nor any other event described in Subsection 5.1(2) hereof.
- (e) If at any time during the Adjustment Period the Company shall take any action affecting the Shares, other than an action described in Subsection 5.1(2) hereof, which in the opinion of the directors would have a material adverse effect upon the rights of the Holder, either or both the Exercise Price and the number of Shares purchasable upon exercise of this Warrant shall be adjusted in such manner and at such time by action by the directors, in their sole discretion, as may be equitable in the circumstances; provided, however, that any such adjustment shall be subject to the approval of the applicable recognized stock exchange (if the Shares are then listed on such stock exchange) and any other required regulatory approvals.
- (f) If the Company shall set a record date to determine holders of Shares for the purpose of entitling such holders to receive any dividend or distribution or any subscription or purchase rights and shall, thereafter and before the distribution to such holders of any such dividend, distribution or subscription or purchase rights, legally abandon its plan to pay or deliver such dividend, distribution or subscription or purchase rights, then no adjustment in the Exercise Price or the number of Shares purchasable upon exercise of this Warrant shall be required by reason of the setting of such record date.
- (g) In any case in which this Warrant shall require that an adjustment shall become effective immediately after a record date for an event referred to in Subsection 5.1(2) hereof, the Company may defer, until the occurrence of such event:
 - (i) issuing to the Holder, to the extent that this Warrant is exercised after such record date and before the occurrence of such event, the additional

Shares issuable upon such exercise by reason of the adjustment required by such event; and

- (ii) delivering to the Holder any distribution declared with respect to such additional Shares after such record date and before such event;

provided, however, that the Company shall deliver to the Holder an appropriate instrument evidencing the right of the Holder, upon the occurrence of the event requiring the adjustment, to an adjustment in the Exercise Price and the number of Shares purchasable upon the exercise of this Warrant and to such distribution declared with respect to any such additional Shares issuable on this exercise of this Warrant.

- (h) In the absence of a resolution of the directors fixing a record date for a Rights Offering, the Company shall be deemed to have fixed as the record date therefor the date of the issue of the rights, options or warrants issued pursuant to the Rights Offering.
 - (i) If a dispute shall at any time arise with respect to adjustments of the Exercise Price or the number of Shares purchasable upon the exercise of this Warrant, such disputes shall be conclusively determined by a firm of independent chartered accountants other than the auditors of the Company and any such determination shall be conclusive evidence of the correctness of any adjustment made pursuant to Subsection 5.1(2) hereof and shall be binding upon the Company and the Holder.
 - (j) As a condition precedent to the taking of any action which would require an adjustment pursuant to Subsection 5.1(2) hereof, including the Exercise Price and the number or class of Shares or other securities which are to be received upon the exercise thereof, the Company shall take any action which may, in the opinion of counsel to the Company, be necessary in order that the Company may validly and legally issue as fully paid and non-assessable shares all of the Shares or other securities which the Holder is entitled to receive in accordance with the provisions of this Warrant Certificate.
- (4) Notice: At least seven (7) days prior to any record date or effective date, as the case may be, for any event which requires or might require an adjustment in any of the rights of the Holder under this Warrant, including the Exercise Price and the number of Shares which are purchasable under this Warrant, the Company shall deliver to the Holder a certificate of the Company specifying the particulars of such event and, if determinable, the required adjustment and the calculation of such adjustment. In case any adjustment for which a notice in this Subsection 5.1(4) has been given is not then determinable, the Company shall promptly after such adjustment is determinable deliver to the Holder a certificate providing the calculation of such adjustment. The Company hereby covenants and agrees that the register of transfers and transfer books for the Shares will be open, and that the Company will not take any action which might deprive the Holder of the opportunity of exercising the rights of subscription contained in this Warrant Certificate, during such seven (7) day period.

Determination of Adjustments

Section 5.2 If any question will at any time arise with respect to any adjustments to be made under Part 5, such question will be conclusively determined by the Company's auditor, or, if the Company's auditor declines to so act, any other chartered accountant that the Company may designate (acting reasonably) and who will have access to all appropriate records, and such determination will be binding upon the Company and the Holder.

Hold Period

Section 5.3 The Shares received by the Holder upon the exercise of the Warrants may be subject to a hold period as determined by the policies of the Canadian Securities Exchange and/or other applicable securities laws of stock exchange policies the Company is then listed on.

PART 6 COVENANTS BY THE COMPANY

Reservation of Shares

Section 6.1 The Company will reserve, and there will remain unissued out of its authorized capital, a sufficient number of shares to satisfy the rights of purchase provided for in all Warrants from time to time outstanding.

PART 7 RESTRICTION ON EXERCISE

Blocking Language

Section 7.1 Notwithstanding anything contained herein to the contrary, the rights represented by this Warrant Certificate will not be exercisable by the Holder, in whole or in part, and the Company will not give effect to any such exercise, if, after giving effect to such exercise, the Holder, together with any person or company acting jointly or in concert with the Holder (the "**Joint Actors**") would in the aggregate beneficially own, or exercise control or direction over that number of voting securities of the Company which is twenty percent (20%) or greater of the total issued and outstanding voting securities of the Company, immediately after giving effect to such exercise. For greater certainty, the rights represented by this Warrant Certificate will not be exercisable by the Holder, in whole or in part, and the Company will not give effect to any such exercise, if, after giving effect to such exercise, the Holder, together with its Joint Actors, would be deemed to hold a number of voting securities sufficient to materially affect the control of the Company. The Company hereby acknowledges and agrees that the members of the Holder, in the event that the Warrants held by the Holder are distributed to such persons, will not constitute Joint Actors on the basis that they are or were each members of the Holder.

Section 7.2 Any certificates representing Shares issued upon exercise of the Warrants prior to the date that is four months and one day after the date of issue of the Warrants, and any Shares issued in exchange for such Shares, will bear the following legends:

**"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER
OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE MAY 18,
2018."**

provided that at any time subsequent to the date which is four months and one day after the date hereof, any certificate representing any such Shares may be exchanged for a certificate bearing no such legends.

Section 7.3 This Warrant and the Shares to be issued upon its exercise have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or the securities laws of any state of the United States. This Warrant may not be exercised in the United States, or by or for the account or benefit of a U.S. person or a person in the United States, unless (i) the Shares are registered under the U.S. Securities Act and the applicable laws of any such state or (ii) an exemption from such registration requirements is available and, in either case, the Holder has complied with the requirements set forth in the Warrant Exercise Form attached hereto as **APPENDIX “B”**. “United States” and “U.S. person” are as defined in Regulation S under the U.S. Securities Act.

Section 7.4 Any Shares issued upon exercise of this Warrant in the United States, or to or for the account or benefit of a U.S. person or a person in the United States, will be “restricted securities”, as defined in Rule 144(a)(3) under the U.S. Securities Act. The certificates representing such Shares, as well as all certificates issued in exchange or in substitution therefor, until such time as is no longer required under the applicable requirements of the U.S. Securities Act, or applicable state securities laws, will bear, on the face of such certificate, the following legends:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE COMPANY THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, AND, IN THE CASE OF PARAGRAPH (C) OR (D), THE SELLER FURNISHES TO THE COMPANY AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE COMPANY TO SUCH EFFECT.

THE PRESENCE OF THIS LEGEND MAY IMPAIR THE ABILITY OF THE HOLDER HEREOF TO EFFECT “GOOD DELIVERY” OF THE SECURITIES REPRESENTED HEREBY ON A CANADIAN STOCK EXCHANGE.”

provided, that if the Shares are being sold outside the United States in compliance with the requirements of Rule 904 of Regulation S under the U.S. Securities Act (“**Regulation S**”) and such Shares were acquired at a time when the Company is a “foreign issuer” as defined in Regulation S, the legends set forth above in this Section 7.4 may be removed by providing a declaration to the registrar and transfer agent of the Company, as set forth in Appendix “D” attached hereto (or in such other form as the Company may prescribe from time to time); and provided, further, that, if the Shares are being sold otherwise than in accordance with Rule 904 of Regulation S and other than to the Company, the legends may be removed by delivery to the registrar and transfer agent and the Company of an opinion of counsel

of recognized standing in form and substance satisfactory to the Company that such legends are no longer required under applicable requirements of the U.S. Securities Act or state securities laws.

Section 7.5 Notwithstanding any provision to the contrary contained herein, no Shares will be issued pursuant to the exercise of any Warrant if the issuance of such securities would constitute a violation of the securities laws of any applicable jurisdiction, and the certificates evidencing the Shares thereby issued may bear such legend as may, in the opinion of legal counsel to the Company, be necessary in order to avoid a violation of any securities laws of any applicable jurisdiction or to comply with the requirements of any stock exchange on which the Shares of the Company are listed, provided that, at any time, in the opinion of legal counsel to the Company, such legends are no longer necessary in order to avoid a violation of any such laws, or the holder of any such legended certificate, at that holder's expense, provides the Company with evidence satisfactory in form and substance to the Company (which may include an opinion of legal counsel satisfactory to the Company) to the effect that such holder is entitled to sell or otherwise transfer such Shares in a transaction in which such legends are not required, such legended certificate may thereafter be surrendered to the Company in exchange for a certificate which does not bear such legend.

PART 8

MODIFICATION OF TERMS, SUCCESSORS

Modification of Terms and Conditions for Certain Purposes

Section 8.1 From time to time the Company may, subject to the provisions of the Warrant Certificate, when so directed by the Holder, modify the terms and conditions hereof, for any one or more or all of the following purposes:

- (a) adding to the provisions hereof such additional covenants and enforcement provisions as, in the opinion of counsel for the Company, are necessary or advisable in the circumstances;
- (b) making such provisions not inconsistent herewith as may be necessary or desirable with respect to matters or questions arising hereunder or for the purpose of obtaining a listing or quotation of Warrants on any stock exchange or house;
- (c) adding to or altering the provisions hereof in respect of the registration of Warrants making provision for the exchange of Warrant Certificates of different denominations; and making any modification in the form of Warrant Certificates which does not affect the substance thereof;
- (d) for any other purpose not inconsistent with the terms hereof, including the correction or rectification of any ambiguities, defective provisions, errors or omissions herein; and
- (e) to evidence any succession of any corporation and the assumption by any successor of the covenants of the Company herein and in the Warrants contained as provided hereafter in this Part 8.

The Company may Amalgamate on Certain Terms

Section 8.2 Nothing herein contained will prevent any amalgamation or merger of the Company with or into any other company, or the sale of the property or assets of the Company to any company lawfully entitled to acquire the same; provided however that the company formed by such merger or amalgamation

or which acquires by conveyance or transfer all or substantially all the properties and assets of the Company will be a company organized and existing under the laws of Canada or of the United States of America or any Province, State, District or Territory thereof, which will, simultaneously with such amalgamation, merger, conveyance or transfer, assume the due and punctual performance and observance of all the covenants and conditions hereof to be performed or observed by the Company and will succeed to and be substituted for the Company, and such changes in phraseology and form (but not in substance) may be made in the Warrant Certificate as may be appropriate in view of such amalgamation, merger or transfer.

Additional Financings

Section 8.3 Nothing herein contained will prevent the Company from issuing any other securities or rights with respect thereto during the period within which a Warrant is exercisable, upon such terms as the Company may deem appropriate.

[End of Schedule "A"]

APPENDIX “A”

INSTRUCTIONS TO HOLDERS

TO EXERCISE:

To exercise Warrants, the Holder must complete, sign and deliver the Warrant Exercise Form, attached as Appendix “B” and deliver the Warrant Certificate(s) to the Company, indicating the number shares to be acquired.

TO TRANSFER:

To transfer Warrants, the Holder must complete, sign and deliver the Warrant Transfer Form, attached as Appendix “C” and deliver the Warrant Certificate(s) to the Company. The Company may require such other certificates or opinions to evidence compliance with applicable securities legislation in Canada.

To transfer Warrants, the Warrant Holder’s signature on the Warrant Transfer Form must be guaranteed by an authorized officer of a chartered bank, trust company or an investment dealer who is a member of a recognized stock exchange.

GENERAL:

If forwarding any documents by mail, registered mail must be employed.

If the Warrant Exercise Form is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the Warrant Certificate must also be accompanied by evidence of authority to sign satisfactory to the Company.

The address of the Company is:

iAnthus Capital Holdings, Inc.
420 Lexington Avenue, Suite 300
New York, New York 10170
United States

Attention: Chief Financial Officer

[End of Appendix “A”]

APPENDIX "B"

WARRANT EXERCISE FORM

TO: iAnthus Capital Holdings, Inc.
420 Lexington Avenue, Suite 300
New York, New York 10170
United States

Attention: Chief Financial Officer

The undersigned Holder of the within Warrants hereby subscribes for _____ common shares or Class A convertible restricted voting shares, as the case may be (the "**Shares**") of iAnthus Capital Holdings, Inc. (the "**Company**") pursuant to the within Warrants on the terms and price specified in the Warrants. This subscription is accompanied by a certified cheque or bank draft payable to or to the order of the Company for the whole amount of the purchase price of the Shares.

If the Warrants, or any of them, are exercised on or prior to June 29, 2018, then the Shares issued upon exercise of the Warrants will be Class A convertible restricted voting shares in the capital of the Company. If the Warrants, or any of them, are exercised after June 29, 2018 then the Shares issued upon exercise of the Warrants will be common shares in the capital of the Company.

The undersigned hereby directs that the Shares be registered as follows:

NAME(S) IN FULL	ADDRESS(ES)	NUMBER OF SHARES

As at the time of exercise hereunder, the undersigned Holder represents, warrants and certifies as follows (check one):

- ☐ (A) the undersigned holder at the time of exercise of the Warrant is not in the United States, is not a "U.S. person" as defined in Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and is not exercising the Warrant for the account or benefit of a U.S. person or a person in the United States (as defined in Regulation S), and did not execute or deliver this exercise form in the United States; OR
- ☐ (B) the undersigned holder is resident in the United States, is a U.S. person, or is exercising the Warrant for the account or benefit of a U.S. person or a person in the United States (a "**U.S. Holder**"), and is an "accredited investor", as defined in Rule 501(a) of Regulation D under the U.S. Securities Act (a "**U.S. Accredited Investor**"), and has completed the U.S. Accredited Investor Status Certificate in the form attached to this exercise form; OR
- ☐ (C) if the undersigned holder is a U.S. Holder, the undersigned holder has delivered to the Company and the Company's transfer agent an opinion of counsel of recognized standing (which will not be sufficient unless it is in form and substance satisfactory to the Company) or such other evidence satisfactory to the Company to the effect that with respect to the Shares to be delivered upon exercise of the Warrant, the issuance of such

securities has been registered under the U.S. Securities Act and applicable state securities laws, or an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available.

Note: Certificates representing common shares will not be registered or delivered to an address in the United States unless box (B) or (C) immediately above is checked.

If the undersigned Holder has indicated that the undersigned Holder is a U.S. Accredited Investor by marking box (B) above, the undersigned Holder additionally represents and warrants to the Company that:

- (2) the undersigned Holder has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Shares, and the undersigned is able to bear the economic risk of loss of his or her entire investment;
- (3) the undersigned is: (i) purchasing the Shares for his or her own account or for the account of one or more U.S. Accredited Investors with respect to which the undersigned is exercising sole investment discretion, and not on behalf of any other person; (ii) is purchasing the Shares for investment purposes only and not with a view to resale, distribution or other disposition in violation of United States federal or state securities laws; and (iii) in the case of the purchase by the undersigned of the Shares as agent or trustee for any other person or persons (each a “Beneficial Owner”), the undersigned holder has due and proper authority to act as agent or trustee for and on behalf of each such Beneficial Owner in connection with the transactions contemplated hereby; provided that: (x) if the undersigned holder, or any Beneficial Owner, is a corporation or a partnership, syndicate, trust or other form of unincorporated organization, the undersigned holder or each such Beneficial Owner was not incorporated or created solely, nor is it being used primarily to permit purchases without a prospectus or registration statement under applicable law; and (y) each Beneficial Owner, if any, is a U.S. Accredited Investor; and
- (4) the undersigned has not exercised the Warrants as a result of any form of general solicitation or general advertising (as such terms are used in Rule 502 of Regulation D under the U.S. Securities Act), including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media, or broadcast over radio, television, the Internet or other form of telecommunications, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

If the undersigned has indicated that the undersigned is a U.S. Accredited Investor by marking box (B) above, the undersigned also acknowledges and agrees that:

- (5) the Company has provided to the undersigned the opportunity to ask questions and receive answers concerning the terms and conditions of the offering, and the undersigned has had access to such information concerning the Company as the undersigned has considered necessary or appropriate in connection with the undersigned’s investment decision to acquire the Shares;
- (6) if the undersigned decides to offer, sell or otherwise transfer any of the Shares, the undersigned must not, and will not, offer, sell or otherwise transfer any of such Shares directly or indirectly, unless:
 - (a) the sale is to the Company;

- (b) the sale is made outside the United States in a transaction meeting the requirements of Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations;
 - (c) the sale is made pursuant to the exemption from the registration requirements under the U.S. Securities Act provided by Rule 144 thereunder, if available, and in accordance with any applicable state securities or "blue sky" laws; or
 - (d) the Shares are sold in a transaction that does not require registration under the U.S. Securities Act or any applicable state laws and regulations governing the offer and sale of securities, and it has prior to such sale furnished to the Company an opinion of counsel of recognized standing in form and substance satisfactory to the Company;
- (7) the Shares are "restricted securities" under applicable federal securities laws and that the U.S. Securities Act and the rules of the United States Securities and Exchange Commission provide in substance that the undersigned may dispose of the Shares only pursuant to an effective registration statement under the U.S. Securities Act or an exemption therefrom;
 - (8) the Company has no obligation to register any of the Shares or to take action so as to permit sales pursuant to the U.S. Securities Act (including Rule 144 thereunder);
 - (9) the certificates representing the Shares (and any certificates issued in exchange or substitution for the Shares) will bear a legend stating that such securities have not been registered under the U.S. Securities Act or the securities laws of any state of the United States, and may not be offered for sale or sold unless registered under the U.S. Securities Act and the securities laws of all applicable states of the United States, or unless an exemption from such registration requirements is available;
 - (10) delivery of certificates bearing such a legend may not constitute "good delivery" in settlement of transactions on Canadian stock exchanges or over-the-counter markets, but a new certificate without such a legend will be made available to the undersigned upon provision by the undersigned of a declaration to the registrar and transfer agent (the "**Transfer Agent**") of the Company's common shares in the form attached as Appendix "D" to the Warrant Certificate (or in such other form as the Company may prescribe from time to time) and, if requested by the Company or the Transfer Agent, an opinion of counsel of recognized standing in form and substance satisfactory to the Company and the Transfer Agent, to the effect that such sale is being made in compliance with Rule 904 of Regulation S in circumstances where Rule 905 of Regulation S does not apply; and provided, further, that, if any Shares are being sold otherwise than in accordance with Rule 904 of Regulation S and other than to the Company, the legend may be removed by delivery to the Transfer Agent and the Company of an opinion of counsel of recognized standing in form and substance satisfactory to the Company that such legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws;
 - (11) the financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles or International Financial Reporting Standards, which differ in some respects from United States generally accepted accounting principles, and thus may not be comparable to financial statements of United States companies;
 - (12) there may be material tax consequences to the undersigned of an acquisition or disposition of the Shares;

- (13) the Company gives no opinion and makes no representation with respect to the tax consequences to the undersigned under United States, state, local or foreign tax law of the undersigned's acquisition or disposition of any Shares; in particular, no determination has been made whether the Company will be a "passive foreign investment company" (commonly known as a "PFIC") within the meaning of Section 1297 of the United States Internal Revenue Code;
- (14) funds representing the subscription price for the Shares which will be advanced by the undersigned to the Company upon exercise of the Warrants will not represent proceeds of crime for the purposes of the United States Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (the "**PATRIOT Act**"), and the undersigned acknowledges that the Company may in the future be required by law to disclose the undersigned's name and other information relating to this exercise form and the undersigned's subscription hereunder, on a confidential basis, pursuant to the PATRIOT Act. No portion of the subscription price to be provided by the undersigned (i) has been or will be derived from or related to any activity that is deemed criminal under the laws of the United States of America, or any other jurisdiction, or (ii) is being tendered on behalf of a person or entity who has not been identified to or by the undersigned, and it shall promptly notify the Company if the undersigned discovers that any of such representations ceases to be true and provide the Company with appropriate information in connection therewith;
- (15) the Company is not obligated to remain a "foreign issuer"; and
- (16) the undersigned consents to the Company making a notation on its records or giving instructions to any transfer agent of the Company in order to implement the restrictions on transfer set forth and described in this Warrant Exercise Form.

In the absence of instructions to the contrary, the securities or other property will be issued in the name of or to the holder hereof and will be sent by first class mail to the last address of the holder appearing on the register maintained for the Warrants.

DATED this _____ day of _____, 20_____.

In the presence of:

Signature of Witness

Signature of Holder

Witness's Name

Name and Title of Authorized Signatory
for the Holder

INSTRUCTIONS FOR SUBSCRIPTION

The signature to the subscription must correspond in every particular with the name written upon the face of the Warrant Certificate without alteration. If the registration in respect of the certificates representing the Shares to be issued upon exercise of the Warrants differs from the registration of the Warrant

Certificates the signature of the registered holder must be guaranteed by an authorized officer of a Canadian chartered bank, or of a major Canadian trust company, or by a medallion signature guarantee from a member recognized under the Signature Medallion Guarantee Program, or from a similar entity in the United States, if this transfer is executed in the United States, or in accordance with industry standards.

In the case of persons signing by agent or attorney or by personal representative(s), the authority of such agent, attorney or representative(s) to sign must be proven to the satisfaction of the Company.

If the Warrant Certificate and the form of subscription are being forwarded by mail, registered mail must be employed.

U.S. ACCREDITED INVESTOR STATUS CERTIFICATE

In connection with the exercise of certain outstanding warrants of iANTHUS CAPITAL HOLDINGS, INC. (the “**Company**”) by the holder, the holder hereby represents and warrants to the Company that the holder, and each beneficial owner (each a “**Beneficial Owner**”), if any, on whose behalf the holder is exercising such warrants, satisfies one or more of the following categories of Accredited Investor (**please write “W/H” for the undersigned holder, and “B/O” for each beneficial owner, if any, on each line that applies**):

- _____ (1) Any bank as defined in Section 3(a)(2) of the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any 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; any broker or dealer registered pursuant to Section 15 of the U.S. Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the U.S. Securities Act; any investment company registered under the U.S. Investment Corporation Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; any Small Business Investment Corporation licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the U.S. Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of US\$5,000,000; any employee benefit plan within the meaning of the U.S. Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of US\$5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are “accredited investors” (as such term is defined in Rule 501 of Regulation D of the U.S. Securities Act);
- _____ (2) Any private business development company as defined in Section 202(a)(22) of the U.S. Investment Advisers Act of 1940;
- _____ (3) Any organization described in Section 501(c)(3) of the U.S. Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of US\$5,000,000;
- _____ (4) Any trust with total assets in excess of US\$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person (being defined as a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment);
- _____ (5) A natural person whose individual net worth, or joint net worth with that person’s spouse, at the time of purchase, exceeds US\$1,000,000 (for the purposes of calculating net worth, (i) the 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 this certification, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of this certification 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 shall be included as a liability);

- _____ (6) A natural person who had annual gross income during each of the last two full calendar years in excess of US\$200,000 (or together with his or her spouse in excess of US\$300,000) and reasonably expects to have annual gross income in excess of US\$200,000 (or together with his or her spouse in excess of US\$300,000) during the current calendar year, and no reason to believe that his or her annual gross income will not remain in excess of US\$200,000 (or that together with his or her spouse will not remain in excess of US\$300,000) for the foreseeable future;
- _____ (7) Any director or executive officer of the Company; or
- _____ (8) Any entity in which all of the equity owners meet the requirements of at least one of the above categories – if this alternative is selected you must identify each equity owner and provide statements from each demonstrating how they qualify as an accredited investor.

[End of Appendix "B"]

APPENDIX "C"

WARRANT TRANSFER FORM

TO: iAnthus Capital Holdings, Inc.
420 Lexington Avenue, Suite 300
New York, New York 10170
United States

Attention: Chief Financial Officer

FOR VALUE RECEIVED, the undersigned holder (the "**Transferor**") of the within Warrants hereby sells, assigns and transfers to _____ (the "**Transferee**"), _____ Warrants of iAnthus Capital Holdings, Inc. (the "**Company**") registered in the name of the undersigned on the records of the Company and irrevocably appoints _____ the attorney of the undersigned to transfer the said securities on the books or register with full power of substitution.

The undersigned hereby directs that the Warrants hereby transferred be issued and delivered as follows:

NAME IN FULL	ADDRESS	NUMBER OF WARRANTS

The Transferor hereby certifies that (check either A or B):

- ____ (A) the transfer of the Warrants is being completed pursuant to an exemption from the registration requirements of the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), in which case the Transferor has delivered or caused to be delivered by the Transferee a written opinion of U.S. legal counsel of recognized standing in form and substance satisfactory to the Company to the effect that the transfer of the Warrants is exempt from the registration requirements of the U.S. Securities Act; or
- ____ (B) the transfer of the Warrants is being made in reliance on Rule 904 of Regulation S under the U.S. Securities Act, and certifies that:
- (1) the undersigned is not an "affiliate" (as defined in Rule 405 under the U.S. Securities Act) of the Company (except solely by virtue of being an officer or director of the Company) or a "distributor", as defined in Regulation S, or an affiliate of a "distributor";
 - (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 believe that the buyer was outside the United States or (b) the transaction was executed on or through the facilities of a designated offshore securities market within the meaning of Rule 902(b) of Regulation S under the U.S. Securities Act, 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 their behalf engaged in any directed selling efforts in connection with the offer and sale of the Warrants;
- (4) the sale is bona fide and not for the purpose of “washing off” the resale restrictions imposed because the Warrants are “restricted securities” (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act);
- (5) the Transferor does not intend to replace the securities sold in reliance on Rule 904 of the U.S. Securities Act 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, is part of a plan or a scheme to evade the registration provisions of the U.S. Securities Act.

Unless otherwise specified, terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

DATED this _____ day of _____, 201 ____.

Signature of Warrant Holder

Signature Guaranteed

INSTRUCTIONS FOR TRANSFER

Signature of the Warrant Holder must be the signature of the person appearing on the face of this Warrant Certificate.

If the Transfer Form is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Company.

The signature on the Transfer Form must be guaranteed by a chartered bank or trust company, or a member firm of an approved signature guarantee medallion program. The guarantor must affix a stamp bearing the actual words: “SIGNATURE GUARANTEED”.

The Warrants will only be transferable in accordance with applicable laws. The Warrants and the common shares issuable upon exercise thereof have not been and will not be registered under the U.S. Securities Act or under the securities laws of any state of the United States, and may not be transferred to or for the account or benefit of a U.S. person or any person in the United States without registration under the U.S. Securities Act and applicable state securities laws, or compliance with the requirements of an exemption from registration. “**United States**” and “**U.S. person**” are as defined in Regulation S under the U.S. Securities Act.

[End of Appendix “C”]

APPENDIX "D"

FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: Registrar and transfer agent for the shares of iAnthus Capital Holdings, Inc. (the "**Issuer**")

The undersigned (A) acknowledges that the sale of the _____ common shares or Class A convertible restricted voting shares, as the case may be, in the capital of the Issuer represented by certificate number _____, to which this declaration relates, 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 defined in Rule 405 under the U.S. Securities Act) of the Issuer (except solely by virtue of being an officer or director of the Issuer) or a "distributor", as defined in Regulation S, or an affiliate of a "distributor"; (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 believe that the buyer was outside the United States, or (b) the transaction was executed on or through the facilities of a designated offshore securities market within the meaning of Rule 902(b) of Regulation S under the U.S. Securities Act, 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 their behalf has engaged in any directed selling efforts 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 the securities sold in reliance on Rule 904 of Regulation S under the U.S. Securities Act 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, is part of a plan or a scheme to evade the registration provisions of the U.S. Securities Act. Unless otherwise specified, terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

Dated: _____

Signature of Individual (if Seller is an individual)

Authorized signatory (if Seller is **not** an individual)

Name of Seller (**please print**)

Name of authorized signatory (**please print**)

Official capacity of authorized signatory (**print print**)

Affirmation by Seller's Broker-Dealer
(Required for sales pursuant to Section (B)(2)(b) above)

We have read the representations of our customer _____ (the "**Seller**") contained in the foregoing Declaration for Removal of Legend, dated _____, 20__, with regard to the sale, for such Seller's account, of _____ common shares (the "**Securities**") of the Issuer represented by certificate number _____. We have executed sales of the Securities pursuant to Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), on behalf of the Seller. In that connection, we hereby represent to you as follows:

- (17) (no offer to sell Securities was made to a person in the United States;
- (18) the sale of the Securities was executed in, on or through the facilities of the Canadian Securities Exchange or another designated offshore securities market (as defined in Rule 902(b) of Regulation S under the U.S. Securities Act), and, to the best of our knowledge, the sale was not pre-arranged with a buyer in the United States;
- (19) no "directed selling efforts" were made in the United States by the undersigned, any affiliate of the undersigned, or any person acting on behalf of the undersigned; and
- (20) we have done no more than execute the order or orders to sell the Securities as agent for the Seller and will receive no more than the usual and customary broker's commission that would be received by a person executing such transaction as agent.

For purposes of these representations: "**affiliate**" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the undersigned; "**directed selling efforts**" means any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the Securities (including, but not be limited to, the solicitation of offers to purchase the Securities from persons in the United States); and "**United States**" means the United States of America, its territories or possessions, any State of the United States, and the District of Columbia.

Legal counsel to the Issuer shall be entitled to rely upon the representations, warranties and covenants contained herein to the same extent as if this affirmation had been addressed to them.

 Name of Firm

Per: _____
 Authorized Signatory

[End of Appendix "D"]